

In the Matter of an Arbitration

BETWEEN:

ONTARIO MEDICAL ASSOCIATION

(the "OMA")

- AND -

MINISTRY OF HEALTH

(the "MOH")

(together, "the PARTIES")

**BOOK OF DOCUMENTS OF THE
ONTARIO MEDICAL ASSOCIATION
VOLUME 3 of 8**

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MINISTER OF FINANCE

Building a Better Ontario

2024 ONTARIO BUDGET



Budget Papers

For general inquiries regarding *2024 Ontario Budget: Building a Better Ontario* please call:

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Bâtir un Ontario meilleur : Budget de l'Ontario 2024

Delivering on Our Plan to Build Ontario

Over the past six years, as our economy and population have grown, our government has been delivering on our plan to build Ontario.

Like the rest of the world, Ontario continues to face economic uncertainty due to high interest rates and global instability.

These challenges are putting pressure on Ontario families, as well as public finances. High inflation, high Bank of Canada interest rates and the high cost of the federal carbon tax have pushed costs up. Households are struggling.

Faced with these challenges, other governments might choose to raise taxes, reduce investments in services or download costs on municipalities. Our government is taking a different approach. We are continuing to invest in Ontario's people and communities. We are doing what's needed to get it done.

Our plan is rebuilding Ontario's economy. We are keeping costs down by holding the line on new taxes as we build the infrastructure our growing province needs.

Because for too long, Ontario was left behind.

Under previous governments, over 300,000 manufacturing jobs were lost.

Previous governments failed to adequately build roads, highways, bridges and public transit. After decades of a chronic lack of funding, Ontario's economy loses billions of dollars each year from the high cost of gridlock.

Previous governments let the cost of energy spiral out of control.

Our government was elected on a plan to fix these problems. We were elected on a plan to rebuild Ontario's economy and bring back good-paying manufacturing jobs. We were elected to build roads, highways and public transit. We were elected to keep costs down for Ontario workers and families.

Now, more people are working than ever before.

Now, shovels are in the ground on new roads, highways and the largest public transit expansion in North America.

Now, Ontario is leading the future of affordable, safe and clean nuclear energy.

We're sticking to our plan. We're getting it done.

Rebuilding Ontario's Economy

From the day we first took office, our government has been on a mission to rebuild Ontario's economy.

We're keeping taxes low, cutting red tape and investing in workers.

Despite challenging economic headwinds, we are attracting record investment to Ontario.

Over the last three years, Ontario created almost 900,000 net new jobs, the fastest growth on record.

In Northern Ontario, we are advancing the building of all-season roads to the Ring of Fire to bring prosperity to First Nations and Northern communities. We are unlocking the economic potential of the critical minerals that will help power Ontario's electric vehicle battery supply chains. Minerals mined in Ontario will power electric vehicles built in new Ontario factories by Ontario workers, purchased in Ontario and around the world.

In Hamilton, ArcelorMittal Dofasco is making a \$1.8 billion investment to replace its coal-fed coke ovens and blast furnaces with new, low-emission technology. And in Sault Ste. Marie, Algoma Steel is investing \$700 million in a low-emission electric arc furnace.

In St. Thomas, Volkswagen's \$7 billion investment in its first overseas electric vehicle battery cell plant is creating 3,000 good-paying manufacturing jobs.

In Windsor, the NextStar Energy EV battery plant will support 2,500 Ontario workers, with more than \$5 billion invested in Ontario.

And in Loyalist Township, Umicore is creating 600 new direct jobs with a \$2.7 billion investment.

In fact, Ontario is the only place in North America where five of the largest auto manufacturers have set up shop. In addition, Volkswagen is establishing its first overseas electric vehicle battery cell manufacturing plant in Ontario.

This success is not an accident. It is a direct result of our government's plan to rebuild Ontario's economy by investing in workers and keeping taxes low.

These investments and our economy are powered by one of the cleanest grids in North America. Our government is leading the future of nuclear energy by building the first grid-scale small modular reactors in Canada. At the same time, we are supporting the refurbishment of the Bruce, Darlington and Pickering Nuclear Generating Stations with pre-development work also underway for a new large-scale nuclear plant at the Bruce nuclear site.

As part of a pragmatic plan that includes natural gas, investing in and bringing online more clean nuclear energy will fix the mistakes of past governments' energy policies with sensible policies that support economic growth and keep costs down for people and businesses.

Building Infrastructure, Highways and Transit in Your Community

Rebuilding Ontario's economy demands that we build the infrastructure needed to support our growing communities.

Ontario's Plan to Build includes the most ambitious capital plan in the province's history, with \$190.2 billion over the next decade to support growing businesses, families and newcomers.

To help municipalities meet their housing targets and get shovels in the ground, we are increasing funding for infrastructure so municipalities can build more homes.

That includes \$1 billion in our new Municipal Housing Infrastructure Program and \$825 million for the Housing-Enabling Water Systems Fund. The \$1.2 billion Building Faster Fund is also helping municipalities build new homes.

To help Ontario communities grow and thrive, we are introducing the new \$200 million Community Sport and Recreation Infrastructure Fund to support new and upgraded sport and recreation facilities to support the health and well-being of children, families and seniors across Ontario.

In addition, we successfully negotiated our historic new deal with the City of Toronto, providing new tools, resources and funding to support the City's recovery through growth.

Across Ontario, we are building new roads and highways. We are leading the largest expansion of public transit in North America.

In Windsor-Essex County, shovels are in the ground to expand Highway 3, with planning underway to build a new interchange connecting Highway 401 to Lauzon Parkway. Now, we are helping to build a new interchange at Banwell Road and E.C. Row Expressway to support population growth and the development of the NextStar Energy electric vehicle battery plant.

In Ottawa, we are designing a new interchange at Highway 416 and Barnsdale Road to support South Ottawa's growing population.

We are also moving forward with critical projects that will get people and goods across the GTA moving again, including building Highway 413 and the Bradford Bypass and advancing work on Highway 7 in Markham to Brock Road, through Pickering.

Minister's Foreword

As part of our government's historic transit expansion, we are bringing back two daily weekday train trips on the Milton GO Line and moving forward with our plan to provide two-way, all-day GO service to Milton.

We have also added year-round GO train service to Niagara.

We are bringing fast and reliable transit to downtown Mississauga and Brampton by expanding the Hazel McCallion Light Rail Transit Line, including a two-kilometre extension and loop through to Confederation Parkway.

Work is well underway on four priority subway projects in the GTA, including the Ontario Line, three-stop Scarborough Subway Extension, Yonge North Subway Extension into York Region, and the Eglinton Crosstown West Extension, and planned connection to Pearson International Airport, one of the largest employment areas in Canada.

In order to attract more investment in the province's infrastructure, our government introduced the Building Ontario Fund, which will help build more projects in areas like clean energy generation, long-term care and student housing.

Starting with an allocation of \$3 billion, the fund will create opportunities for pension funds to put their members' investments to work right here in Ontario.

This Plan to Build is the most ambitious in Ontario's history, but it is also necessary to lay the groundwork for Ontario's long-term growth. Our government will continue to invest to support the success of Ontario workers, families and businesses for years to come.

Working for Workers

Ontario's workers are central to *Ontario's Plan to Build*. They are our greatest asset and the reason that people want to invest in Ontario.

We are investing in our workers to help them get the skills they need to train for the in-demand jobs of the future in key areas like health care and the skilled trades.

Since our government launched the Skills Development Fund in 2021, we have trained more than 500,000 workers for better jobs and bigger paycheques, including carpenters, plumbers and health care personnel through nearly 600 training projects.

Through an additional \$100 million in the Skills Development Fund this year, we will continue to help job seekers advance their careers.

We are also investing more than \$62 million in two of the province's foundational skilled trades programs to help young people explore future careers in the skilled trades. This includes over \$21 million to expand the Ontario Youth Apprenticeship Program and \$42 million to launch 100 pre-apprenticeship training projects around the province that will help young people acquire firsthand job experience.

Our workers deserve sustainable pensions. This is why we are taking action to implement a target benefit framework that would help protect the retirement security of workers in the skilled trades and other occupations. It would help employees move from employer to employer while keeping the same pension, and they could even see their savings invested in projects right here in Ontario.

Our plan ensures that as Ontario and its economy grow, so do workers' paycheques.

Keeping Your Costs Down

Bank of Canada interest rate hikes, high inflation and the federal carbon tax have made life challenging for Ontario families. As families are feeling the pinch on their household budgets, our government refuses to increase taxes or pass on additional costs.

We acted early to keep costs down and we are continuing to support Ontario families.

At a time when the federal government is set to raise the carbon tax even further, we are proposing to extend the gas tax and fuel tax cuts until December 31, 2024, saving Ontario households \$320 on average since July 2022.

We are also supporting families and students across Ontario by extending the tuition freeze at Ontario's publicly assisted colleges and universities for at least three more years. Since the freeze was first implemented in 2014, we have saved university students an estimated \$1,600 and college students an estimated \$350 each year.

We are also saving daily transit users on participating systems an average of \$1,600 each year through One Fare, which eliminates double fares across transit systems throughout the Greater Golden Horseshoe.

We are standing up for drivers by banning new road tolls on 400-series highways in Ontario, and we have frozen driver's licence and photo card fees, saving drivers an estimated \$66 million over the next five years.

We are putting money back in people's pockets by refunding eligible licence plate renewal fees paid since March 2020 for nearly 8 million vehicle owners in Ontario. We also eliminated licence plate renewal fees and plate stickers on a go-forward basis.

And our government is helping more seniors access financial assistance by indexing the Guaranteed Annual Income System (GAINS) benefit to the rate of inflation for the first time in Ontario's history. We are also expanding the annual income eligibility threshold, meaning about 100,000 more low-income seniors in Ontario will receive payments.

This year, our government froze the beer basic tax indexation and the LCBO mark-up rates for another two years and is proposing to scrap the 6.1 per cent on-site wine basic tax, making it easier for businesses and providing potential savings for consumers.

These measures will help keep more money in the pockets of Ontario families at a time when they need it most.

Better Services for You

We believe in investing in better services that make people's lives easier and more convenient.

This is why our government is building a robust health care system that puts people at the centre of care, including the most ambitious plan for hospital expansion in the province's history.

Ontario's plan includes supporting more than 50 hospital projects that would add approximately 3,000 new beds over 10 years.

In fact, over the next 10 years, Ontario is investing nearly \$50 billion in health infrastructure, including close to \$36 billion in capital grants.

But we know Ontarians also depend on health care supports outside of hospitals. This is why our government is continuing to make health care more connected and convenient, to help patients receive the right care in the right place.

Through an additional investment of \$546 million over three years, we are creating new and expanded primary care teams to provide team-based primary care to approximately 600,000 people.

We are also strengthening our health care workforce by providing \$128 million over the next three years to support enrolment increases of 2,000 registered nurses and 1,000 registered practical nurses at publicly assisted colleges and universities.

The government is helping to address the increasing demand for health human resources across the province, particularly in underserved communities, through the expanded Ontario Learn and Stay Grant.

We're supporting a new medical school at York University, which will be the first medical school in Canada focused primarily on training family doctors.

We're building new schools and renovating existing schools to help ensure Ontario's students learn and grow, with \$1.4 billion in the current school year alone to help build schools in places like North Bay, Kitchener, Lincoln, Barrhaven and Brockville.

We are helping students get back to basics through skills in math, reading and writing, and better preparing them for the in-demand jobs and opportunities of the future.

Our government knows Ontario families deserve to feel safe in their homes and communities.

This is why we are providing \$46 million over three years to support patrol and response times in the GTA, including the purchase of four helicopters.

We are also investing in correctional and courthouse facilities to improve safety and security in aging institutions and to help to provide access to justice in growing communities, such as the recently completed expansion of the Brampton courthouse in Peel Region.

We're also hitting back against auto theft with \$49 million over three years to help police put those responsible behind bars, and we are supporting increased crime-fighting measures to support prevention and detection of auto theft.

We're investing in these services because we know they are critical to helping Ontario workers and families reach their full potential and fully participate in society and the workforce.

We're doing so while retaining a path to balance the budget.

A Plan to Build Ontario

Our Plan to Build Ontario is working.

After years of neglect and mismanagement under previous governments, we are rebuilding Ontario's economy.

But we know there is more work to be done and at a time of high interest rates and global economic uncertainty, it is more important than ever to keep costs down.

This is why our government refuses to slow down our work to rebuild this province and it is why we refuse to put additional costs and taxes on families, businesses and municipalities.

We will continue our prudent, responsible approach. We will get it done.

Original signed by

The Honourable Peter Bethlenfalvy
Ontario's Minister of Finance

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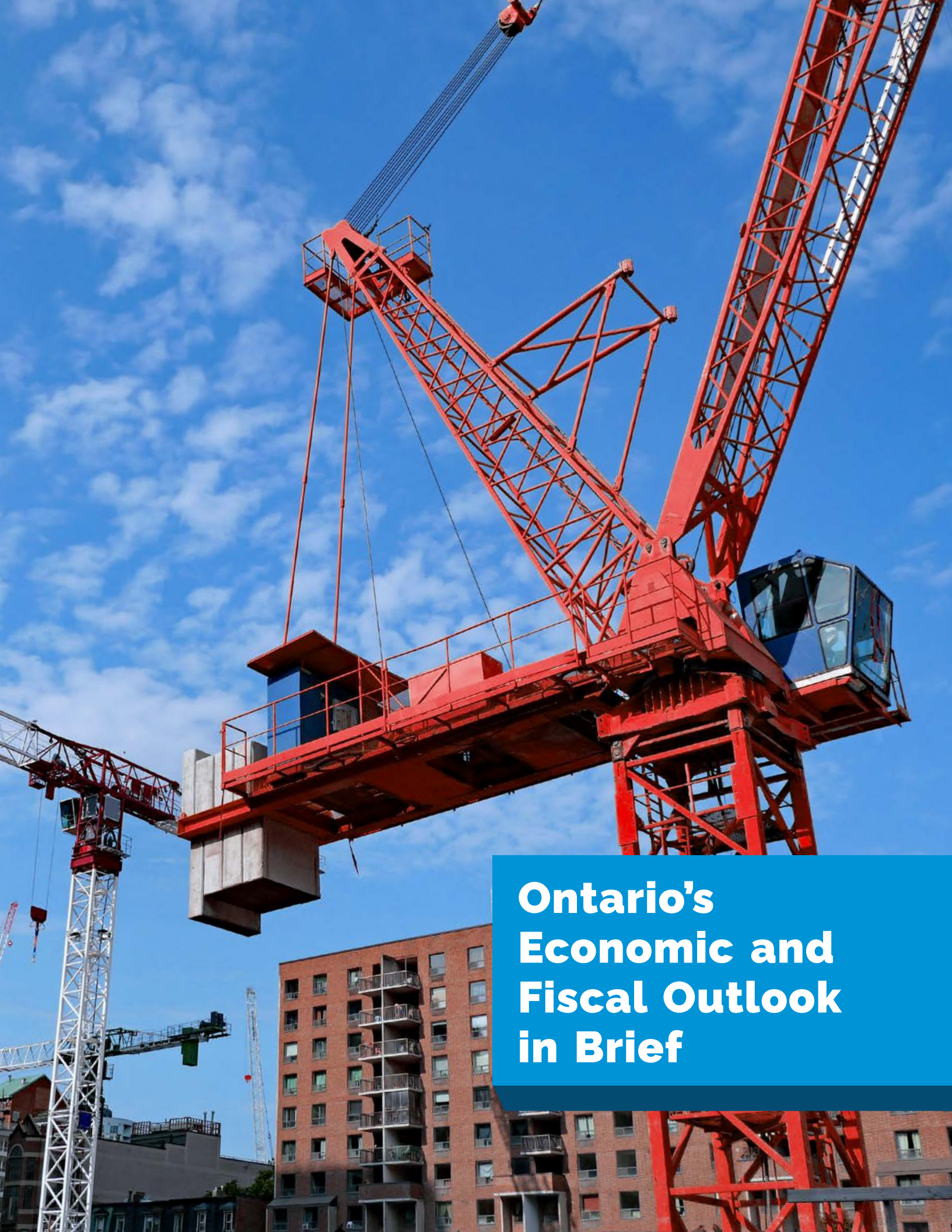
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A large red tower crane is the central focus, lifting a heavy concrete slab. The crane's lattice structure is prominent against a blue sky with scattered clouds. In the background, a multi-story brick building under construction is visible, along with other cranes and construction equipment. The scene is brightly lit, suggesting a clear day.

Ontario's Economic and Fiscal Outlook in Brief

Ontario's Economic and Fiscal Outlook in Brief

Ontario, like the rest of the world, continues to face economic challenges and elevated uncertainty. The outcomes of persistently high interest rates and inflation continue to be unclear. However, Ontario's economy has demonstrated continued resiliency in light of ongoing economic pressures. By taking a responsible approach to fiscal management while creating stronger communities for future generations, the government is continuing to make progress on its plan to build Ontario together.

Ontario's economy performed stronger than expected in 2023, despite continued economic headwinds prompted by elevated consumer price inflation and high interest rates. Nearly all private-sector forecasters expect continued but slower growth in 2024, compared to the projection in the *2023 Budget*.

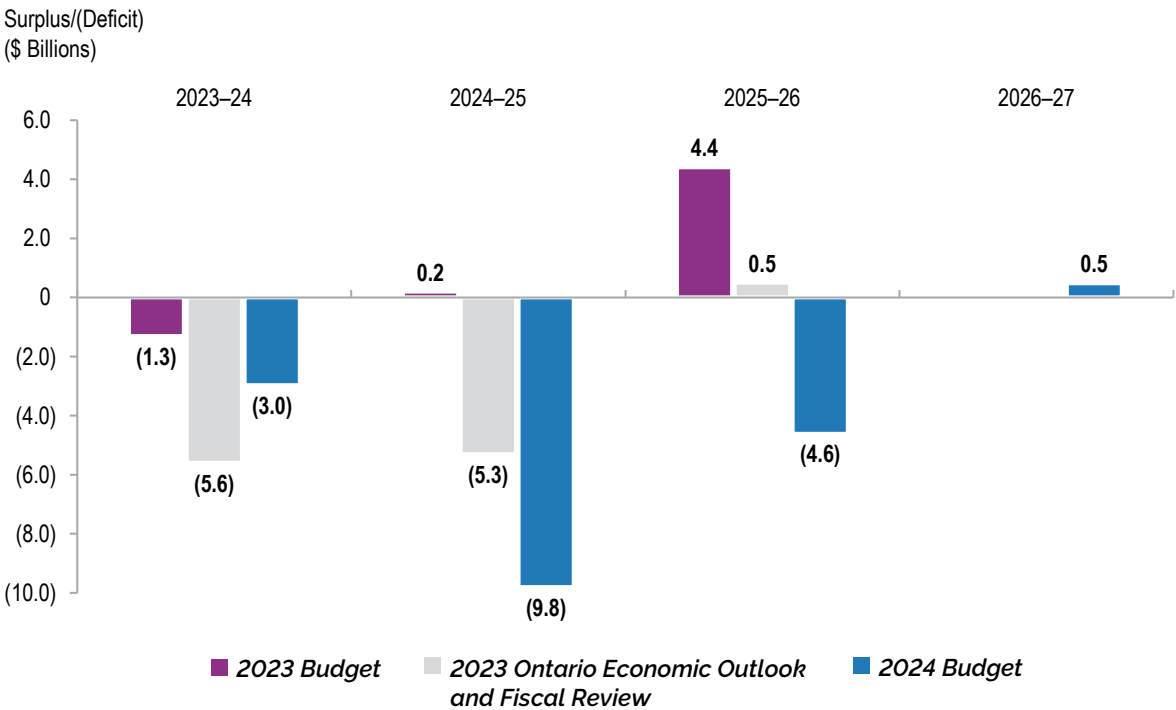
Ontario also experienced above average employment growth in 2023, adding 183,200 net new jobs, a 2.4 per cent increase. Ontario's unemployment rate rose modestly to 5.7 per cent in 2023 but remained low compared to its historic average.

The government's plan retains a path to balance the budget despite a fiscal deterioration relative to Ontario's *2023 Budget* and the outlook in the fall *2023 Ontario Economic Outlook and Fiscal Review*. While slower projected growth in 2024 and other factors beyond the province's control are key drivers of the deterioration, the government is continuing to invest in key public services and not raising taxes or fees to increase revenues at a time when it is important to keep costs down for people and businesses.

In 2023–24, Ontario is projecting a deficit of \$3.0 billion. Over the medium term, the government is projecting deficits of \$9.8 billion in 2024–25 and \$4.6 billion in 2025–26 before planning for a surplus of \$0.5 billion in 2026–27. The future pace of economic growth remains uncertain, which may impact these projections.

The government will continue to support people and businesses in Ontario and make prudent and targeted investments to build a strong future together.

Current Fiscal Outlook Compared to the 2023 Budget and 2023 Ontario Economic Outlook and Fiscal Review



Source: Ontario Ministry of Finance.

Ontario's Economic Outlook

High interest rates are expected to continue negatively impacting Ontario's economy in 2024, with real gross domestic product (GDP) growth projected to slow from an estimated 1.2 per cent in 2023 to 0.3 per cent in 2024. Real GDP growth is projected to accelerate to 1.9 per cent in 2025, and 2.2 per cent in 2026 and 2027. For the purposes of prudent fiscal planning, these projections are slightly below the average of private-sector forecasts.

Summary of Ontario's Economic Outlook

(Per Cent)

	2022	2023	2024p	2025p	2026p	2027p
Real GDP Growth	3.9	1.2e	0.3	1.9	2.2	2.2
Nominal GDP Growth	9.2	4.1e	2.7	3.9	4.3	4.1
Employment Growth	4.6	2.4	0.8	1.7	1.4	1.4
CPI Inflation	6.8	3.8	2.6	2.0	2.0	2.0

e = estimate.

p = Ontario Ministry of Finance planning projection based on external sources as of January 25, 2024.

Sources: Statistics Canada and Ontario Ministry of Finance.

Revisions to the Economic Outlook Since the *2023 Budget*

Ontario's real GDP grew by an estimated 1.2 per cent in 2023, stronger than the projection in the *2023 Budget*, and nominal GDP growth is estimated at 4.1 per cent, higher than the 2.8 per cent *2023 Budget* projection.

The outlook has been revised compared to the projections in the *2023 Budget*. Key changes since the *2023 Budget* include the following:

- Stronger estimated real and nominal GDP growth in 2023, accompanied by significantly stronger job creation and a lower unemployment rate;
- Slower real and nominal GDP growth between 2024 and 2026, with the most pronounced deterioration in 2024;
- Weaker net operating surplus of corporations growth over the forecast period; and
- Stronger housing starts throughout the forecast period.

Changes in the Ontario Ministry of Finance Key Economic Forecast Assumptions: 2023 Budget Compared to the 2024 Budget

(Per Cent Change)

	2023		2024p		2025p		2026p	
	2023 Budget	2024 Budget	2023 Budget	2024 Budget	2023 Budget	2024 Budget	2023 Budget	2024 Budget
Real Gross Domestic Product	0.2	1.2e	1.3	0.3	2.5	1.9	2.4	2.2
Nominal Gross Domestic Product	2.8	4.1e	3.6	2.7	4.6	3.9	4.5	4.3
Compensation of Employees	5.1	6.7e	4.2	4.3	4.5	4.4	4.2	4.1
Net Operating Surplus — Corporations	(8.2)	(12.6)e	(0.5)	(4.7)	9.2	3.5	9.1	7.9
Nominal Household Consumption	5.1	6.0e	4.1	3.5	4.3	4.1	4.2	4.3
Other Economic Indicators								
Employment	0.5	2.4	1.0	0.8	1.7	1.7	1.7	1.4
Job Creation (000s)	39	183	78	63	133	136	136	114
Unemployment Rate (Per Cent)	6.4	5.7	6.6	6.7	6.3	6.6	6.3	6.4
Consumer Price Index	3.6	3.8	2.1	2.6	2.0	2.0	2.0	2.0
Housing Starts (000s) ¹	80.3	89.3	79.3	87.9	82.7	92.3	83.2	94.4
Home Resales	(8.9)	(12.3)	21.0	4.0	1.2	16.0	1.2	1.2
Home Resale Prices	(9.7)	(6.3)	2.2	(0.2)	4.0	3.1	4.0	4.0
Key External Variables								
U.S. Real Gross Domestic Product	0.5	2.5	1.2	2.1	2.1	1.7	2.1	2.1
WTI Crude Oil (\$US per Barrel)	83	78	80	79	79	78	79	77
Canadian Dollar (Cents US)	74.4	74.1	76.5	74.6	77.6	77.6	78.5	78.2
Three-Month Treasury Bill Rate (Per Cent) ²	4.3	4.8	3.3	4.4	2.5	3.0	2.4	2.6
10-Year Government Bond Rate (Per Cent) ²	3.1	3.3	3.1	3.2	3.1	3.1	3.2	3.3

e = estimate.

p = Ontario Ministry of Finance planning projection based on external sources as of January 25, 2024.

¹ Housing starts projection based on private-sector average as of January 25, 2024.² Government of Canada interest rates.

Sources: Statistics Canada; Canada Mortgage and Housing Corporation; Canadian Real Estate Association; Bank of Canada; United States Bureau of Economic Analysis; *Blue Chip Economic Indicators* (October 2023 and February 2024); U.S. Energy Information Administration; and Ontario Ministry of Finance.

Managing Ontario's Finances Responsibly

The government is providing a transparent update on Ontario's finances and its plan to invest in communities.

The government's multi-year fiscal plan is consistent with the requirements of the *Fiscal Sustainability, Transparency and Accountability Act, 2019* and its governing principles guide Ontario's fiscal policy.

- **Transparent:** The government continues to demonstrate its commitment to transparency through the release of regular financial updates. In addition, for the sixth year in a row, the Auditor General of Ontario has provided a clean audit opinion on Ontario's consolidated financial statements.
- **Responsible:** The government has developed a measured and responsible approach to managing Ontario's finances, while investing in key public services and capital projects that will help to improve economic productivity, invest in communities and create jobs.
- **Flexible:** The government's plan has built in appropriate levels of prudence in the form of contingency funds and a reserve to ensure that the necessary fiscal flexibility is available to respond to changing circumstances.
- **Equitable:** The government's plan strengthens critical public services, such as health care, for people today and to ensure that they are available for future generations.
- **Sustainable:** The government is committed to employing a flexible approach to respond to ongoing economic uncertainty, while balancing these needs with the long-term sustainability of Ontario's finances, including the debt burden.

Defining Extraordinary Circumstances

The *Fiscal Sustainability, Transparency and Accountability Act, 2019* requires that the government define the extraordinary circumstances if it plans to run a deficit. The government is defining the extraordinary circumstance for the planned deficits in the current year and the medium-term outlook as the result of ongoing economic uncertainty related to inflation, high interest rates, and rapid population growth creating the need for investments in public services and infrastructure. Ontario is not alone, as these challenges have resulted in difficult economic and fiscal circumstances for governments around the world.

Ontario's Fiscal Plan

In 2024–25, the government is projecting a deficit of \$9.8 billion, improving to a deficit of \$4.6 billion in 2025–26 and a surplus of \$0.5 billion in 2026–27. This is driven by slower growth impacting revenues, increased compensation costs and increased investments in infrastructure, municipalities and key public services, as well as gas tax relief.

Details of Ontario's Fiscal Plan

(\$ Billions)

	Actual 2022–23	Interim ¹ 2023–24	Medium-Term Outlook		
			2024–25	2025–26	2026–27
Revenue					
Personal Income Tax	44.2	50.6	51.9	55.1	58.3
Sales Tax	36.1	39.8	38.8	40.6	42.7
Corporations Tax	27.8	24.2	24.9	26.3	28.0
Ontario Health Premium	4.4	4.9	5.0	5.2	5.4
Education Property Tax	6.0	5.8	5.8	5.9	5.9
All Other Taxes	18.0	17.2	18.2	20.4	21.0
Total Taxation Revenue	136.5	142.5	144.7	153.5	161.3
Government of Canada	31.3	34.8	36.3	37.5	38.7
Income from Government Business Enterprises	6.1	7.3	6.8	8.0	7.8
Other Non-Tax Revenue	19.0	19.8	18.0	18.5	18.8
Total Revenue	192.9	204.3	205.7	217.4	226.6
Base Programs²					
Health Sector	75.1	84.5	85.0	88.0	89.9
Education Sector ³	33.6	36.6	37.6	38.8	39.4
Postsecondary Education Sector	11.7	12.6	12.2	12.5	13.0
Children, Community and Social Services Sector	18.0	19.4	19.9	20.1	20.1
Justice Sector	5.3	6.1	5.9	5.6	5.6
Other Programs	30.1	35.3	40.0	40.9	40.9
Total Base Programs	173.8	194.5	200.6	205.8	208.9
COVID-19 Time-Limited Funding	6.3	–	–	–	–
Other One-Time Expenses	6.3	–	–	–	–
Total Programs	186.4	194.5	200.6	205.8	208.9
Interest on Debt	12.4	12.8	13.9	14.7	15.2
Total Expense	198.8	207.3	214.5	220.6	224.1
Surplus/(Deficit) Before Reserve	(5.9)	(3.0)	(8.8)	(3.1)	2.5
Reserve	–	–	1.0	1.5	2.0
Surplus/(Deficit)	(5.9)	(3.0)	(9.8)	(4.6)	0.5
Net Debt as a Per Cent of GDP	38.2%	38.0%	39.2%	39.5%	39.1%
Net Debt as a Per Cent of Revenue	207.6%	203.0%	213.5%	211.4%	209.4%
Interest on Debt as a Per Cent of Revenue	6.4%	6.3%	6.8%	6.8%	6.7%

¹ Interim represents the 2024 Budget projection for the 2023–24 fiscal year.

² For presentation purposes in the 2024 Budget, one-time COVID-19-related spending in 2022–23 has been included within COVID-19 Time-Limited Funding. This funding is no longer reported separately, starting in 2023–24.

³ Excludes Teachers' Pension Plan. Teachers' Pension Plan expense is included in Other Programs.

Note: Numbers may not add due to rounding.

Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

Revenue Outlook Over the Medium Term

Ontario's revenue outlook is forecast to increase from \$204.3 billion in 2023–24 to \$226.6 billion in 2026–27.

Ontario's revenue outlook is anchored by an economic projection based on private-sector forecasts and the best available information at the time of finalizing the planning projection. Details of the medium-term revenue outlook are outlined later in this Budget. See Chapter 3: *Continuing to Invest in the Plan to Build: Ontario's Fiscal Plan and Outlook* for more details.

Key inputs included in the revenue forecast are a prudent economic outlook; existing federal–provincial agreements and funding formulas; and the business plans of government ministries, business enterprises and service organizations.

Program Expense Outlook Over the Medium Term

Ontario's program expense outlook is expected to grow from \$194.5 billion in 2023–24 to \$208.9 billion in 2026–27. The additional funding will primarily be used to strengthen communities through investments in health, education and infrastructure.

Interest on Debt Outlook Over the Medium Term

Interest on debt is forecast to be \$12.8 billion in 2023–24, down from the *2023 Budget* forecast of \$14.1 billion and remains lower than the forecast for each of the medium-term outlook years in the *2023 Budget*.

Other Fiscal Plan Assumptions

The reserve is set at \$1.0 billion in 2024–25, \$1.5 billion in 2025–26, and \$2.0 billion in 2026–27, reflecting Ontario's commitment to maintaining a prudent and flexible fiscal plan.

The net debt-to-GDP ratio is projected to be 39.2 per cent in 2024–25, 39.5 per cent in 2025–26, and declining to 39.1 per cent in 2026–27.

Economic and Fiscal Outlook Scenarios

In recognition of the elevated degree of economic uncertainty, the Ontario Ministry of Finance has once again developed Faster Growth and Slower Growth scenarios that the economy could take over the next several years. These alternative scenarios should not be considered the best case or the worst case. Rather, they illustrate a broader range of possible alternative outcomes.

Ontario Real GDP Growth Scenarios

(Per Cent)

	2024p	2025p	2026p	2027p
Faster Growth Scenario	1.4	2.6	2.5	2.5
Planning Projection	0.3	1.9	2.2	2.2
Slower Growth Scenario	(0.6)	1.4	2.1	2.1

p = Ontario Ministry of Finance planning projection based on external sources as of January 25, 2024, and alternative scenarios.

Source: Ontario Ministry of Finance.

Ontario Nominal GDP Growth Scenarios

(Per Cent)

	2024p	2025p	2026p	2027p
Faster Growth Scenario	4.5	4.7	4.8	4.6
Planning Projection	2.7	3.9	4.3	4.1
Slower Growth Scenario	1.1	3.3	4.0	3.8

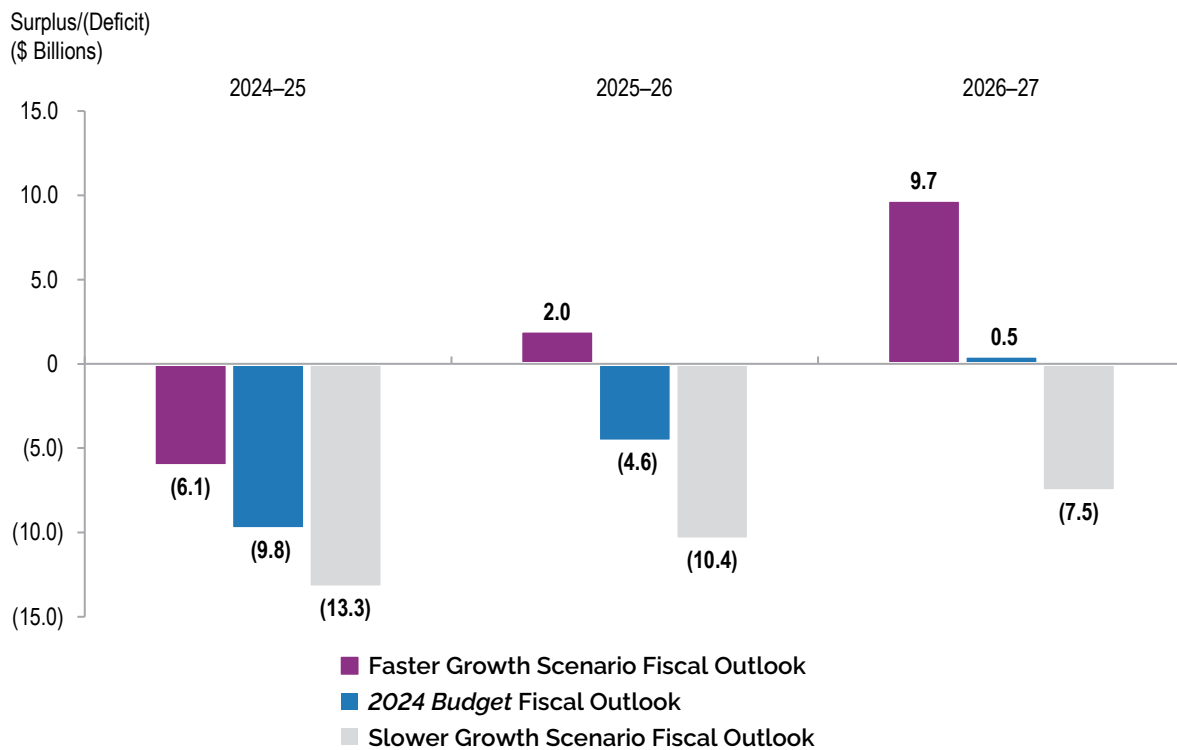
p = Ontario Ministry of Finance planning projection based on external sources as of January 25, 2024, and alternative scenarios.

Source: Ontario Ministry of Finance.

In the event that the alternative economic scenarios materialize as opposed to the Planning Projection, Ontario's fiscal plan would also change as a result. See Chapter 3: *Continuing to Invest in the Plan to Build: Ontario's Fiscal Plan and Outlook*, Revenue Outlook Scenarios section for more information.

Under the Faster Growth scenario, the deficit outlook may improve to \$6.1 billion in 2024–25, followed by surpluses of \$2.0 billion in 2025–26 and \$9.7 billion in 2026–27. However, if the Slower Growth scenario takes place instead, the deficit outlook may deteriorate to \$13.3 billion in 2024–25, \$10.4 billion in 2025–26 and \$7.5 billion in 2026–27.

Ontario Fiscal Outlook Scenarios



Source: Ontario Ministry of Finance.

Borrowing and Debt Management

Ontario's borrowing program is primarily used to fund deficits, refinance maturing debt and make investments in capital assets. Ontario will continue to finance most of its borrowing program in the long-term public markets in Canada as well as internationally. Ontario has completed long-term public borrowing of \$41.8 billion for 2023–24. The total long-term borrowing requirements for 2024–25, 2025–26 and 2026–27 are forecast to be \$38.2 billion, \$37.7 billion and \$32.8 billion, respectively.

\$18.0 Billion Ontario Green Bonds Issued Since 2014–15

Ontario remains the largest issuer of Canadian dollar Green Bonds and plans to continue its leadership in the Canadian dollar Green Bond market. The government released its new *Ontario Sustainable Bond Framework*, replacing the province's *Green Bond Framework* from 2014. The new framework will allow for a broader range of potential bond offerings in the future, including emissions-free nuclear power. On February 29, 2024, Ontario issued a \$1.5 billion Green Bond, which was Ontario's first Green Bond issued under the new *Ontario Sustainable Bond Framework*, the second this fiscal year, and fifteenth overall.

2023–24 Borrowing Program and Medium-Term Outlook

(\$ Billions)

	2023–24			Medium-Term Outlook		
	2023 Budget	Change from 2023 Budget	Interim ¹ 2023–24	2024–25	2025–26	2026–27
Deficit/(Surplus)	1.3	1.7	3.0	9.8	4.6	(0.5)
Investment in Capital Assets	13.6	1.2	14.7	17.7	20.2	20.4
Non-Cash and Cash Timing Adjustments	(9.2)	7.6	(1.6)	(11.0)	(12.0)	(13.9)
Net Loans and Investments	0.1	(0.4)	(0.2)	(0.3)	0.1	–
Debt Maturities and Redemptions	31.2	–	31.2	28.0	33.1	26.9
Total Funding Requirement	37.0	10.1	47.1	44.2	46.0	32.8
Decrease/(Increase) in Short-Term Borrowing	–	–	–	(5.0)	–	–
Increase/(Decrease) in Year-End Cash and Cash Equivalents ²	5.0	4.3	9.3	(1.0)	(8.3)	–
Pre-borrowing in 2022–23 for 2023–24	(14.5)	–	(14.5)	–	–	–
Total Long-Term Public Borrowing	27.5	14.3	41.8	38.2	37.7	32.8

¹ Interim represents the 2024 Budget projection for the 2023–24 fiscal year.

² Starting in 2024–25, pre-borrowing will be reflected as part of the increase in year-end cash and cash equivalents.

Note: Numbers may not add due to rounding.

Source: Ontario Financing Authority.

Ontario is forecast to pay \$12.8 billion in interest costs in 2023–24, \$13.9 billion in 2024–25 and \$14.7 billion in 2025–26, down from the *2023 Budget* forecasts of \$14.1 billion, \$14.4 billion and \$15.1 billion, respectively. These lower interest costs total a cumulative savings of more than \$2 billion over three years and are a result of lower actual and projected cost of borrowing. Interest on debt in 2026–27 is forecast to be \$15.2 billion.

The government remains committed to reducing the debt burden and putting Ontario's finances back on a more sustainable path. The province's debt sustainability targets are reviewed annually, based on the latest economic and fiscal conditions, to ensure Ontario is making progress towards reducing the debt burden. Meeting these targets on a sustained basis would help improve Ontario's credit rating profile and lower Ontario's cost of borrowing. This would result in less money being required to pay for interest on debt, which frees up resources for other priorities. The targets, which remain unchanged from the *2023 Budget*, are listed in the table below.

Progress on Relevant Debt Sustainability Measures

(Per Cent)

	Targets	2023 Budget 2023–24 Forecast	2023 FES 2023–24 Forecast	2024 Budget 2023–24 Forecast	2024 Budget 2024–25 Forecast
Net Debt-to-GDP	<40.0	37.8	38.4	38.0	39.2
Net Debt-to-Revenue	<200	199	206	203	214
Interest on Debt-to-Revenue	<7.5	6.9	6.7	6.3	6.8

Note: 2023 FES is defined as the 2023 Ontario Economic Outlook and Fiscal Review.

Source: Ontario Financing Authority.

See Chapter 4: *Borrowing and Debt Management* for more details on Ontario's borrowing program, including borrowing outlook scenarios and the debt burden reduction strategy.

A Capital Plan to Build a Better Ontario

Ontario's Plan to Build includes the most ambitious capital plan in Ontario's history, with planned investments over the next 10 years totalling \$190.2 billion, including \$26.2 billion in 2024–25. To address the historic infrastructure deficit, this plan is getting shovels in the ground to build highways, hospitals and other critical assets, laying the foundation for a better Ontario.

Key highlights in the capital plan include:

Building Highways

\$27.4 billion over 10 years to support the planning and construction of highway expansion and rehabilitation projects across the province, including:

- Highway 413, a new 400-series highway and transportation corridor across Halton, Peel and York Regions that will bring relief to one of the busiest corridors in North America and save drivers up to 30 minutes each way on their commute;
- Bradford Bypass, a new four-lane freeway connecting Highway 400 in Simcoe County and Highway 404 in York Region, which will save drivers an estimated 35 minutes in travel time;
- Enabling the expansion of Highway 401 east from Brock Road in Pickering to help relieve gridlock for tens of thousands of drivers per day and get goods moving faster;
- The Queen Elizabeth Way (QEW) Garden City Skyway Bridge Twinning project, which includes construction of a new bridge on the QEW over the Welland Canal connecting the City of St. Catharines to the Town of Niagara-on-the-Lake;
- Widening existing corridors across the province, such as Highway 404 from Highway 407 to Major Mackenzie Drive in Markham, Highway 11/17 between Thunder Bay and Nipigon and Highway 17 between Kenora and the Manitoba border;
- Advancing work to support the new Highway 7 from Kitchener to Guelph, including replacement of the Frederick Street Bridge in Kitchener. Once fully constructed, the new highway will provide relief to the busy Highway 401 and connect the fast-growing urban centres of Kitchener, Waterloo and Guelph.
- Supporting the construction of a new interchange at Banwell Road and E.C. Row Expressway in the City of Windsor to keep people and goods moving and support development in the area;
- Supporting the planning and design for a new interchange connecting Highway 401 to Lauzon Parkway in Windsor, which will support increased opportunities for trade and better access to the Windsor-Detroit border;

- Widening Highway 3 from two to four lanes between Essex and Leamington to improve road safety and keep people and goods moving in Southwestern Ontario; and
- Supporting the planning and design for a new interchange at Highway 416 and Barnsdale Road in Ottawa to support population growth and development planned by the City for the Barrhaven South area.

Building Transit

\$67.5 billion over 10 years for public transit, with a variety of projects underway, including:

- Transforming the GO Transit rail network to improve access and convenience across the Greater Golden Horseshoe by increasing service with two-way, all-day GO trains across the core network with faster trains, more stations and better connections;
- Making investments to extend GO Transit rail service to Bowmanville;
- Extending the Hazel McCallion Light Rail Transit (LRT) by beginning the planning and design activities for the Mississauga loop and extension of the line into downtown Brampton;
- Expanding service on the Milton GO Line by adding train trips and advancing the planning and design work for future two-way, all-day service;
- Continuing to increase frequency of GO train service between Union Station and the Niagara Region, with more express service between Hamilton, Burlington and Toronto. The government continues to see increased ridership with the recently introduced year-round weekend GO rail service between Union Station in Toronto and Niagara Falls;
- Advancing work on the Ontario Line, which will provide rapid transit from Exhibition/Ontario Place to Eglinton Avenue and Don Mills Road as well as connect more than 40 other transit routes, including GO train lines, subway and streetcar lines and the Eglinton Crosstown;
- Continuing tunnelling for the three-stop Scarborough Subway Extension from Kennedy Station to Sheppard Avenue and McCowan Road and awarding the contract for design and construction of new underground stations with bus terminals; and continuing tunnelling on the Eglinton Crosstown West Extension. As of February 2024, tunnelling is over 80 per cent complete. Contracts were awarded for the elevated guideway portion in December 2023 and the Advance Tunnel 2 project in February 2024;
- Advancing work on the Yonge North Subway Extension by issuing a Request for Proposal (RFP) for the Advance Tunnel Contract that includes work to design, build and finance the construction of the tunnels;
- Funding for construction of station and track improvements to restore the Northlander passenger rail service between Toronto and Northern Ontario. As part of its commitment, the government has purchased three new trainsets for the rail fleet for the reinstated service; and
- Making improvements to stations and the railway corridor to enable two-way, all-day service on the Kitchener Line.

Building Health Infrastructure

Nearly \$50 billion over the next 10 years in hospital infrastructure, including close to \$36 billion in hospital capital grants, to support more than 50 hospital projects that would add approximately 3,000 new beds over 10 years to increase access to reliable, quality care. Investments are being made to support hospital projects, including:

- Funding to support the Weeneebayko Area Health Authority (WAHA) Redevelopment Project to build a new hospital and Elder Care Lodge in Moosonee, as well as a new ambulatory care centre on Moose Factory Island contingent upon necessary federal investment;
- Support for the construction of a new 17-storey tower at the corner of Queen and Victoria in Toronto at the Unity Health Toronto – St. Michael's Hospital to accommodate an expanded emergency department, ambulatory services, administrative spaces and off-site dialysis services;
- Funding for the redevelopment of the Ottawa Hospital – Civic Campus to become one of the most advanced trauma centres in Eastern Ontario providing highly specialized emergency and trauma services for treatment of complex injuries and illnesses;
- Support for the new Windsor-Essex Regional Hospital — a new state-of-the-art acute care hospital in Windsor and Essex County;
- Support the redevelopment of the emergency department and fracture clinic at Centenary Hospital, as well as the construction of a new chronic kidney disease facility that will be located in the new Bridletowne Neighbourhood Centre community hub for the Scarborough Health Network to build more capacity for Scarborough and its surrounding communities; and
- Support the renovation of existing space at the Thunder Bay Regional Health Sciences Centre, in partnership with the University Health Network, to deliver high-quality cardiovascular surgery services.

Building Long-Term Care

Planned investments that total a historic \$6.4 billion since 2019 to build 58,000 new and upgraded long-term care beds across the province by 2028 to modern design standards, including:

- Through the Accelerated Build Pilot Program, four new long-term care homes have been built on hospital-owned lands. These homes have created 1,272 new long-term care beds and are helping to meet urgent needs for more long-term care homes in Ajax, Toronto and Mississauga; and
- The government is helping to increase long-term care capacity in communities across the province by providing loan guarantees to select non-municipal not-for-profit homes.

Building Schools

- Investing over \$23 billion, including approximately \$16 billion in capital grants over the next 10 years, to build more schools and child care spaces, including a new joint French and English public school in Blind River, a new English public secondary school in Ottawa, an addition to St. Anne's Catholic Elementary School in St. Thomas and a new French Catholic secondary school in Vaughan.

Building Postsecondary Education Infrastructure

- Investing \$6.1 billion in the Postsecondary Education sector over the next 10 years, including over \$2.2 billion in capital grants, to help colleges, universities and Indigenous Institutes modernize facilities by upgrading technology, supporting critical repairs and improving energy efficiency.

Building High-Speed Internet

- Investing nearly \$4 billion, beginning in 2019–20, to ensure every community across Ontario has access to high-speed internet by the end of 2025. Multiple programs are well underway to provide access to internet service and better cellular connectivity, including launching a Request for Proposal to find a qualified satellite internet service provider, as well as advancing the Southwestern Integrated Fibre Technology and Eastern Ontario Regional Network initiatives.

Building Housing-Enabling Municipal Infrastructure

- Investing \$1.8 billion over three years, beginning in 2024–25, to help build municipal housing-enabling infrastructure projects through the \$1.0 billion new Municipal Housing Infrastructure Program and the enhanced \$825 million Housing-Enabling Water Systems Fund.

Infrastructure Expenditures¹

(\$ Millions)

	Interim ^{2,3} 2023–24	Medium-Term Outlook			10-Year Total ⁴
		2024–25	2025–26	2026–27	
Sector					
Transportation					
Transit	8,638	10,695	11,982	8,509	67,466
Provincial Highways	3,285	3,872	3,922	3,411	27,418
Other Transportation, Property and Planning	188	218	229	127	1,245
Health					
Hospitals	3,348	3,582	4,658	5,861	48,568
Other Health	640	303	578	1,390	8,684
Education	3,316	3,350	3,173	3,025	23,095
Postsecondary Education					
Colleges and Other	765	879	820	662	4,763
Universities	113	130	127	136	1,297
Social	435	975	787	527	3,376
Justice	514	908	707	587	4,135
Other Sectors⁵	2,874	4,307	4,550	4,368	22,704
Total Infrastructure Expenditures	24,117	29,220	31,534	28,603	212,752
Less: Other Partner Funding ⁶	3,176	2,972	1,996	1,900	22,543
Total⁷	20,941	26,248	29,538	26,703	190,209

¹ 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.

² Interim represents the 2024 Budget projection for the 2023–24 fiscal year.

³ Includes provincial investment in capital assets of \$14.7 billion.

⁴ Total reflects the planned infrastructure expenditures for years 2024–25 through to 2033–34.

⁵ Includes high-speed internet infrastructure, government administration, natural resources, and culture and tourism industries.

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

⁷ Includes Federal/Municipal contributions to provincial infrastructure investments.

Note: Numbers may not add due to rounding.

Source: Ontario Treasury Board Secretariat.



Chapter 1

Building a Better Ontario

Section A: Building Ontario

Ontario is on a mission to rebuild its economy. For too long, Ontario has had an infrastructure deficit and the time to rebuild is now. The government is leading the way to get new roads and highways built, while supporting the largest transit expansion in North America. Ontario was left behind with over 300,000 manufacturing jobs lost between the sector's peak in 2004 and 2018. Over the last three years, Ontario has created more jobs than ever before.

Rebuilding Ontario's Economy

Despite a challenging economic situation that is having an impact on the province's finances, the government has a plan to rebuild the economy. Companies are investing to start and grow their businesses, creating better jobs and bigger paycheques for workers across the province. Historic new investments are being made here across the electric vehicle supply chain, with Ontario soon to be host to the first electric vehicle battery plants in Canada. The future for these companies and other businesses across Ontario will be powered by the province's clean electricity grid, including nuclear energy, and critical minerals from the North. The government is helping to bring back manufacturing jobs to Ontario.

The government is continuing to rebuild Ontario's economy by attracting domestic and international manufacturing investments, expanding the province's electricity capacity, supporting innovation, and helping small businesses thrive. This plan will support economic growth here in Ontario, creating stronger communities for the future, and improving Ontario's productivity growth and creating prosperity for generations to come.

The government will continue working to rebuild the economy and support good-paying jobs.



Strengthening Manufacturing and Attracting Investment

Ontario's manufacturing sector is a significant driver of the provincial economy, representing 11.5 per cent of Ontario's total GDP in 2022. Over the first three quarters of 2023, Ontario's manufacturing sector added \$1.9 billion in real GDP compared to the same period in 2022. In 2023, manufacturing employed 808,000 workers in the province, an increase of 20,900 from the previous year.

This recent progress comes after two decades where the sector was negatively impacted by the rising cost of doing business in Ontario, and market share was lost to countries with more productive firms and more competitive labour markets.¹ By 2018, Ontario had lost over 300,000 manufacturing jobs from the sector's peak in 2004.

This is why *Ontario's Plan to Build* is continuing to help build a world-class manufacturing sector by attracting and supporting important investments in the province.

Helping Manufacturers Invest More in Their Businesses

As part of the *2023 Budget*, the government announced the Ontario Made Manufacturing Investment Tax Credit — a 10 per cent refundable corporate income tax credit for eligible investments in buildings, machinery and equipment for use in manufacturing or processing in the province. The credit is available to claim for qualifying corporations and provides up to \$2 million per year for eligible investments.

Over the first four years of the incentive, from 2023–24 to 2026–27, the credit will provide Ontario businesses with estimated income tax relief of approximately \$1.1 billion. By lowering costs for Ontario manufacturers, the government is helping local manufacturing companies invest and expand, so the products of the future get made right here in Ontario by Ontario workers.

¹ Bank of Canada, "Decomposing Canada's Market Shares: An Update," (August 2018), <https://www.bankofcanada.ca/2018/08/staff-analytical-note-2018-26/>

Supporting Small and Medium-Sized Businesses Through the Regional Development Program's Advanced Manufacturing and Innovation Competitiveness Stream

As manufacturers faced challenges from growing international competition and supply chain disruptions, the government acted by launching the \$40 million Advanced Manufacturing and Innovation Competitiveness (AMIC) Stream in January 2022, under the Regional Development Program. This stream provides funding support to advanced manufacturers provincially, including those in the automotive, aerospace, chemical, life sciences and steel sectors, with a focus on small and medium-sized enterprises. It also provides access to a range of complementary services and supports, including advisory services that help these businesses navigate other government programs.

To continue to create an environment that attracts investments to help grow the manufacturing sector, the government is providing additional funds to enhance the AMIC Stream. This will support current program demand by providing more firms with the financial support and tools needed to improve competitiveness and productivity while reinforcing essential supply chains.

Boosting Advanced Manufacturing Through the Regional Development Program

In July 2023, the government welcomed a \$100 million investment by Siltech Corporation to build a new 210,000 square-foot manufacturing facility in Fort Erie — the company's third facility in the province. Siltech manufactures specialty silicone used in the personal care, automotive, agriculture, pulp and paper, and oil and gas industries. Ontario is providing \$5 million in funding through the Regional Development Program to support this investment, which will create 51 good-paying jobs.

To date, the Ontario government has provided more than \$130 million to support over 110 projects through the Regional Development Program, leveraging more than \$1.4 billion in new investments and helping to create more than 2,600 jobs provincially.

Building a World-Leading Electric Vehicle and Battery Supply Chain

The existing vehicle assembly and automotive parts production industries in Ontario directly support nearly 100,000 workers, as well as hundreds of thousands of indirect jobs throughout the auto supply chain, including over 700 parts firms as well as over 500 tool, die and mould makers.

The government has taken meaningful action to help rebuild Ontario's automotive sector, revitalize manufacturing in the province and position the sector for success. Right here in Ontario, manufacturers are making new investments across the emerging electric vehicle (EV) supply chain to help the province become a North American hub for building the cars of the future and create more good-paying jobs. In 2023, Ontario was responsible for shipping 90.8 per cent of Canada's international exports of automobiles and parts, with 96.4 per cent of these going to the United States. It is essential that the federal and Ontario governments work together to protect access to the market in the United States.

Over the last three years, Ontario has attracted more than \$28 billion in transformative automotive and EV battery-related investments from global automakers, parts suppliers, and EV battery and materials manufacturers, which are expected to create more than 12,000 new jobs. By supporting these investments, the government is helping to build Ontario's end-to-end EV supply chain to position the province as a global player in this emerging industry. Recent significant EV supply chain investments have been made in EV production, batteries and battery components, as well as EV parts.

Electric Vehicle Production

- General Motors of Canada is investing more than \$2 billion on multiple projects, including transforming the company's Ingersoll CAMI Assembly manufacturing plant to deliver its all-electric commercial vehicle brand BrightDrop. The new facility at its CAMI Assembly in Ingersoll will begin building battery modules in the second quarter of 2024, after converting the plant from traditional vehicle manufacturing to all-electric commercial delivery vehicle production.
- Ford Motor Company is investing \$1.8 billion in its Oakville Assembly Complex to transform it into a high-volume hub of EV manufacturing, with the first EVs expected to be produced in 2025. The plant directly employs over 3,000 people and will be modernized with a flexible manufacturing system able to accommodate multiple battery electric vehicle models, including the installation of a battery pack assembly line.

Batteries and Battery Components

- Volkswagen is creating 3,000 jobs and investing \$7 billion to establish its first overseas EV battery cell manufacturing plant in St. Thomas, Ontario. The plant will be completed in 2027 and produce battery cells for up to one million EVs per year.
- Stellantis N.V. and LG Energy Solution are partnering to support an estimated 2,500 jobs and invest more than \$5 billion towards the NextStar Energy EV battery manufacturing plant in Windsor. The plant is expected to be fully operational in 2025 and would be the first large-scale, domestic, EV battery manufacturing facility in Canada.
- Umicore plans to create 600 new direct jobs and invest more than \$2.7 billion to build North America's first industrial-scale cathode and precursor materials plant in Loyalist Township. In the project's first stage, the company will create these new direct jobs, in addition to 700 co-op positions for students that will be created throughout the project, making Umicore one of the largest private employers in Eastern Ontario.

Electric Vehicle Parts

- Magna International is adding more than 1,000 jobs and investing \$471 million, supporting the opening of a new EV battery enclosure facility in Brampton, while also expanding its existing automotive manufacturing facilities in five other cities in the province: Guelph, Windsor, Belleville, Newmarket and Penetanguishene.
- Mitsui High-tec (Canada) Inc. is supporting 104 highly skilled jobs and investing \$102.3 million to open a new manufacturing facility in Brantford to increase production of motor cores, the basic structure of the motor used in EVs.
- Dana Canada Corporation, a leading manufacturer in drivetrain and electric propulsion motor systems, is creating 105 jobs in its two facilities in Oakville and Cambridge, and investing approximately \$60 million to expand its manufacturing capacity of thermal management systems, a key component for EV batteries and electronics.
- Bobaek America Inc. is creating 144 new jobs and investing \$35 million to build a new manufacturing facility in Windsor, specializing in battery insulation panels and cell sheets for EVs. The new manufacturing facility is expected to open in June 2024.

Creating a World-Leading Automotive and Electric Vehicle Supply Chain

In February 2024, BloombergNEF (BNEF) released its latest *Global Lithium-Ion Battery Supply Chain Ranking*, which reported that Canada had overtaken China for the top spot. Third place in the ranking was the United States. The *Global Lithium-Ion Battery Supply Chain Ranking* rates 30 countries on their potential to build a secure, reliable and sustainable lithium-ion battery supply chain.

According to the report, Canada's raw material resources, strong integration with the United States' automotive sector, and clear policy commitments have given it an edge over competitors.

The province is the only sub-national jurisdiction in North America to have five major global automotive assemblers — Ford, General Motors, Honda, Stellantis and Toyota — and is the third largest sub-national vehicle-producing jurisdiction in North America. In addition, Volkswagen is establishing its first overseas electric vehicle battery cell manufacturing plant in Ontario.



Attracting Investments Through Invest Ontario

Invest Ontario was established in July 2020 to help attract investments from around the world and support businesses to expand their operations here in the province. The agency serves as a one-stop source to investors for business information and tailored investment solutions. It provides facilitated access to all levels of government and local service providers, as well as financial assistance through the Invest Ontario Fund. To date, Invest Ontario has helped secure \$2.4 billion in investments, which are expected to create 2,600 new jobs, with many more opportunities in the pipeline.

To continue attracting major investments to Ontario, the government is allocating an additional \$100 million to the Invest Ontario Fund. This builds on the \$100 million announced in the *2023 Ontario Economic Outlook and Fiscal Review*, and brings the fund total to \$600 million. The enhanced fund will allow the agency to attract more strategic investments that create good-paying jobs, encourage innovation and support stronger supply chains in strategic sectors where the province has a global competitive advantage, including advanced manufacturing, life sciences and technology.

Supporting Advanced Manufacturing Through Invest Ontario

In November 2023, Invest Ontario supported an investment of approximately \$60 million by Dana Canada Corporation, a leading manufacturer in drivetrain and electric propulsion motor systems. This investment will expand the company's manufacturing capacity of thermal management systems, a key component for EV batteries and electronics. A \$2.5 million grant from the Invest Ontario Fund will support Dana Canada's expansion across its two facilities in Oakville and Cambridge, which is expected to create 105 new, good-paying jobs in these communities and the surrounding area.

Boosting Ontario's Shipbuilding Industry

Ontario's shipbuilding and repair industry supports the movement of people and goods across the province, while promoting safety and security. In 2022, Ontario's shipbuilding and boatbuilding industry contributed over \$50 million to the economy. As part of the government's plan to support the marine sector, Ontario is moving forward with the development of a grant program that will help boost the economic competitiveness of the province's shipbuilding industry. This will help elevate Ontario's shipbuilding industry to compete with other parts of the country for key procurements. The government is engaging with the industry on the development of this new program to ensure it remains competitive, creates jobs and helps grow Ontario's economy.

Leveraging Northern Ontario's Natural Resources

Through *Ontario's Critical Minerals Strategy*, the government is working with Indigenous communities to unlock the economic potential of the province's critical minerals in the North, including in the Ring of Fire. The government is also supporting Northern Ontario through the *Sustainable Growth: Ontario's Forest Sector Strategy*, which sets out to encourage economic growth in the forestry industry, supporting Indigenous, Northern and rural communities that depend on the sector while ensuring forests are managed sustainably.

Mining Value From Critical Minerals in Ontario

Developing Critical Infrastructure for the Ring of Fire

Developing Ontario's Ring of Fire region is crucial to improving quality of life for those communities. The government is working together with its First Nations partners to increase prosperity and improve access to health care, high-speed internet and other services. The Ring of Fire region is a world-class source of several critical minerals, including chromite, cobalt, nickel, copper and platinum. These all play a significant role in supporting innovative technologies for high-growth sectors such as batteries, electronics, electric vehicles and cleantech. Building the necessary infrastructure in and around the region will be a prerequisite to unlocking and lowering the cost of mining projects in the Ring of Fire and creating better supply chain connections between resources, industries, workers and communities in Northern Ontario and the manufacturing sector in Southern Ontario.

Ontario has dedicated \$1 billion to support critical legacy infrastructure such as all-season roads, broadband connectivity and community supports for the Ring of Fire region. Currently, there are no all-season roads connecting the Ring of Fire to the provincial highway network. These roads would improve First Nations' community access to goods and services, including education, health care and housing.

The government will continue to support the Environmental Assessments (EAs) for the Marten Falls Community Access Road Project, the Webequie Supply Road Project and the Northern Road Link Project, led by the Marten Falls First Nation and Webequie First Nation.

In March 2024, the Marten Falls First Nation and Webequie First Nation signed a Community Development Agreement with Ontario to develop community infrastructure projects that could support future economic development opportunities in the Ring of Fire area. The agreement commits Ontario to supporting shovel-ready infrastructure projects that could include the construction of health and training facilities, recreation centres, commercial buildings and labour force development programs. These projects would help improve the livelihood and well-being of the First Nation communities in the area. The agreement also commits Ontario and the two lead First Nations, Marten Falls and Webequie First Nations, to work together to make decisions about the construction, ownership and operation of the all-season road network, should the EAs be approved. This collaboration will accelerate project timelines and help ensure the communities are ready to participate in future economic development opportunities in the region.



In addition to supporting these EAs, Ontario is also supporting the development of additional critical infrastructure to benefit Northern communities. This includes initiatives such as the Matawa First Nations Rapid Lynx broadband project to provide modern and scalable telecommunication services to five Matawa First Nations member communities: Nibinamik, Neskantaga, Eabametoong, Marten Falls and Webequie First Nations.

As Ontario invests in and makes progress on developing critical infrastructure in the Ring of Fire region, the provincial government continues to call on the Government of Canada to step up, match Ontario's funding commitments, and expedite approval processes for all infrastructure that would enable the development of the Ring of Fire and bring considerable economic benefit to Indigenous and Northern communities.

Enhancing the Critical Minerals Innovation Fund

The mining industry has rapidly evolved into a high-tech industry, with innovative ideas such as adopting electric mobile mining equipment to replace the use of diesel equipment, or remote mining to help companies access resources in isolated areas. Research projects are needed to tackle problems such as mining at depth in existing mines, the successful extraction of minerals from mine wastes, and technology that supports the recycling of electric vehicle batteries.

In November 2022, Ontario launched the \$5 million Critical Minerals Innovation Fund (CMIF) to support innovation and research projects in the critical minerals sector to help increase exploration, mining, development, production and processing of critical minerals in Ontario. These projects are expected to tackle strategic challenges faced by the critical minerals sector in several areas of focus, such as the battery supply chain, deep exploration and mining, mineral processing, as well as the recovery of minerals.

To further support critical minerals development in the province and the creation of Ontario-made intellectual property, the government is investing \$15 million to enhance the CMIF. The additional funding of \$5 million per year in 2024–25, 2025–26 and 2026–27 will continue to help Ontario's mining sector undertake research, development and commercialization of innovative technologies, including techniques, processes and solutions related to critical minerals. Through this investment, the CMIF will encourage further private–public collaboration and help create jobs supporting municipalities, Indigenous communities and regional economies.

Investing in Innovative Critical Minerals Projects

Last year, the Critical Minerals Innovation Fund supported 13 innovative projects by providing up to \$500,000 in funding for a maximum of 50 per cent of eligible project costs. For example:

- Carbonix Inc., an Indigenous-owned company, received \$475,000 to help refine the process for converting mining waste, petroleum coke and other by-products into high-energy density graphite for use in the battery supply chain.
- Canada Nickel Company received \$500,000 to fund research to commercialize carbon capture processing techniques for nickel to produce battery grade nickel and nickel for clean steel.
- Vale Canada received \$500,000 to develop bioleaching techniques for reprocessing tailings to extract nickel and cobalt from mine waste to help increase the supply of battery metals.
- Wyloo Metals received \$500,000 to test the feasibility of repurposing and storing all tailings materials underground in the form of backfill in mine workings.

Improving Sustainability Through Ontario's Forestry Sector

Ontario's forest industry can derive significant economic benefits from the complete use of wood products including forest biomass — which includes bark, shavings and sawdust — along with low-grade trees.

To support the *Forest Biomass Action Plan* and the *Sustainable Growth: Ontario's Forest Sector Strategy*, the government created the Forest Biomass Program in May 2023. This \$19.6 million program helps develop the economic potential and environmental benefits offered by new and emerging uses of underutilized wood and mill by-products. Potential biomass products include medicine, bioplastics, 3D printing, mass timber products, biodiesel and biofuels.

Ontario is providing additional investments to extend the program over the next three years at an annual funding level of \$20 million. The Forest Biomass Program helps support projects to harvest more wood from Crown forests for use in traditional and innovative products, to increase forest-sector job creation and promote regional economic growth. The program will also contribute to the second pillar of the *Sustainable Growth: Ontario's Forest Sector Strategy*, Putting More Wood to Work, with the goal to harvest Ontario's sustainable wood supply of 30 million cubic metres by 2030.

The Forest Biomass Program includes four streams:

- **Indigenous Bioeconomy Partnerships Stream** — Supporting Indigenous businesses and communities to become more active participants in the forest sector through the use of forest biomass.
- **Exploring Biomass Pathways Stream** — Improving and supporting for-profit, and not-for-profit feasibility, engineering and design studies.
- **Innovative Bioproduct Manufacturing Stream** — Focusing on projects that support commercialization of new and/or innovative uses of forest biomass.
- **Modernization Stream** — Supporting major modernization investments in foundational forestry facilities and/or establishment of new complementary businesses to consume large quantities of underutilized wood and biomass.

Investing in the Economic Potential of Forest Biomass

Since its launch in May 2023, Ontario has committed over \$17 million to 41 research, innovation and modernization projects through its Forest Biomass Program. Each project will advance the use of forest biomass, including:

- Thunder Bay Pulp and Paper Mill, which received \$5 million to upgrade and improve equipment to modernize the mill's electrical system, enabling future measures to expand green energy production.
- Biopower Sustainable Energy Corporation (Atikokan), which received \$997,500 to increase production, improve efficiency and increase usage of forest biomass by acquiring new equipment and supporting modernization of the wood handling facility.
- Whitesand First Nation, which received \$1,289,573 to support the use of forest biomass for heat and power generation by fulfilling site preparatory work to construct a wood pellet plant in the Whitesand First Nation's Bio-Economy Centre in the Armstrong Region.

Powering Ontario's Growth

To meet growing electricity demand, and as the government rebuilds Ontario's economy, the province may need to double electricity capacity by 2050. Ontario's clean electricity grid is a competitive advantage in attracting investments and jobs to the province. The government is continuing to invest in a clean energy future across the province. This is essential to compete and support the transition to a cleaner economy, as Ontario attracts investments in sectors such as manufacturing, mining, electric vehicles and batteries.

In July 2023, the government released *Powering Ontario's Growth: Ontario's Plan for a Clean Energy Future*. It is a pragmatic plan outlining the actions Ontario is taking to meet increasing electricity demand, which invests in the future of nuclear, while keeping costs down for people and businesses. The plan includes new zero-emissions electricity generation, storage and transmission lines that will provide families and industries with the reliable, low-cost and clean power they need, as well as power the province's future. In the transition, natural gas-fired generation will continue to provide the province with the capacity to meet electricity demand and maintain system reliability.

Building on Ontario's Nuclear Advantage

The government is leveraging the Ontario nuclear sector, a world leader in experience and expertise in this safe, reliable and clean energy source as a way to develop the next generation of nuclear power, including grid-scale small modular reactors (SMRs). Ontario's nuclear advantage better positions the province to compete for international investments, which are increasingly prioritizing access to clean energy, as well as export development opportunities for Ontario's nuclear sector. The government has also introduced the *Ontario Sustainable Bond Framework*, which includes financing for nuclear energy. The new framework allows Ontario to issue Green Bonds for umbrella projects that provide environmental benefits to the province. Projects under this framework include clean transportation, green buildings, clean energy such as emissions-free nuclear, climate change, energy efficiency, and forestry and agriculture initiatives, all of which support sustainability across Ontario.

Supporting Nuclear Refurbishments

Refurbishing the Pickering Nuclear Generating Station

The Ontario government is supporting the Ontario Power Generation (OPG) plan to proceed with the next steps towards refurbishing the Pickering Nuclear Generating Station B Units. OPG is proceeding with the project initiation phase, which includes engineering and design work, as well as securing long lead time components that can require years for manufacturing.

Ontario is following a multi-phase approvals process to ensure the Pickering Nuclear Generating Station refurbishment project only proceeds if it is in the best interests of Ontario and its ratepayers. The Pickering refurbishment is also subject to regulatory approval by the federal regulator, the Canadian Nuclear Safety Commission.

Once refurbished, the Pickering Nuclear Generating Station would produce a total of more than 2,000 emissions-free megawatts (MW) of electricity, equivalent to powering two million homes, helping to meet increasing demand from electrification and fuelling the province's economic growth.

The Conference Board of Canada's preliminary analysis estimates this refurbishment would increase Ontario's GDP by \$19.4 billion and create about 11,000 jobs over the 11-year project period. Post-refurbishment operation of the facility would also create and sustain about 6,410 Ontario jobs per year for decades to come.



Refurbishing Darlington and Bruce Nuclear Generating Stations

Ontario continues to support the refurbishments at the Darlington and Bruce Nuclear Generating Stations, securing clean, reliable and affordable electricity for generations to come. The generating capacity of the stations, with refurbished units, will provide approximately 3,500 MW and 6,550 MW, respectively, which is approximately equivalent to the combined 2022 peak demand of Alectra Utilities (serving 17 communities, including Mississauga, Hamilton, Brampton, Vaughan, St. Catharines and Barrie), Toronto Hydro, and Oshawa Power and Utilities Corporation (Oshawa PUC Networks) — in total, serving about 1.7 million residential customer accounts and 188,000 commercial, industrial and other customers, equivalent to about 36 per cent of the province's electricity customers.

OPG has already completed refurbishment of two of the four Darlington units. Approximately 96 per cent of the Darlington Refurbishment Project costs are being spent in the province, involving more than 260 companies. According to a report by The Conference Board of Canada, the \$12.8 billion Darlington Refurbishment Project, together with the nuclear station's extended operation, will generate approximately \$90 billion in economic benefits for Ontario, and increase employment by an average of 14,200 jobs per year across the province over an estimated 39-year operating period.

Building the Future of New Nuclear

As part of *Powering Ontario's Growth* plan, the government is working with OPG to commence planning and licensing for three additional Small Modular Reactors (SMRs) at the Darlington Nuclear Generating Station site. This would bring Ontario's total to four SMRs, which would produce enough clean electricity to power 1.2 million homes. OPG has commenced site preparation activities for the SMR project at Darlington.

The government is also working with Bruce Power on pre-development work for the first large-scale nuclear generation build in over three decades in Canada.

Growing Ontario's Nuclear Supply Chain

Ontario's expansion of nuclear energy is enhancing the province's position as a global leader in new nuclear technologies, creating new export opportunities that will drive economic growth.

- Ontario is leveraging the expertise of OPG and its subsidiary Laurentis Energy Partners to support a new collaboration agreement with SaskPower to support SaskPower's nuclear program management, project licensing and operational readiness.
- OPG and other Ontario nuclear supply chain providers have already signed major agreements valued at approximately \$1 billion to export nuclear products and services to other countries, including Poland, Estonia and the Czech Republic.

Supporting Clean Energy Storage Projects

New energy storage projects will support the operation of Ontario's clean electricity grid by drawing and storing electricity off-peak when power demand is low, and returning the power to the system at times of higher electricity demand. The procurement of a targeted 2,500 MW of clean energy storage represents the largest battery procurement in Canada's history and will increase the efficiency of Ontario's clean electricity grid, complementing Ontario's 2023 agreement for the 250 MW Oneida Energy Storage Project.

Boosting the Electricity Grid with Clean Hydrogen

The Ontario government is investing in 15 new projects that will help integrate hydrogen into the province's electricity grid. This funding is through the \$15 million Hydrogen Innovation Fund, which supports projects that pave the way for reliable, affordable and clean electricity generation from hydrogen to help power the province's growth.

Continuing to Support the Northern Economy

The Northern Energy Advantage Program (NEAP) provides a rebate for eligible mining, forestry and steel operations in Northern Ontario. NEAP helps eligible large industrial operators better manage electricity costs as well as create and sustain good jobs in Northern Ontario to maintain global competitiveness, with 28 facilities currently receiving benefits from NEAP. To provide for continuing support to eligible large facilities in the North, the government is increasing NEAP funding by an additional \$86 million over three years, resulting in a total annual program amount of \$167 million in 2024–25 and \$206 million for 2025–26 and 2026–27.

Expanding Electricity Transmission Infrastructure in the North

Expanding electricity transmission infrastructure supports economic development opportunities and improves reliability in the North. For example, the East-West Tie transmission project, from Wawa to Thunder Bay, went into service in March 2022, improving transmission capacity and flexibility. The Wataynikaneyap Power Transmission Project is nearing completion and will connect 16 remote First Nation communities to Ontario's clean electricity grid as they transition away from diesel electricity generation.

The Waasigan Transmission Line project is also under development between Shuniah (near Thunder Bay), to Atikokan and then to Dryden. It will support community, industrial and mining growth in the Northwest.

Additional new projects proposed in the coming years include three new transmission lines in Northeastern Ontario to support forecast electricity demand growth, such as in the Sault Ste. Marie and Timmins areas, including from the conversion from coal to electric arc furnaces at Algoma Steel as well as from growth in the mining sector.

Keeping Electricity Costs Down in Indigenous Communities

The Ontario government is supporting building more clean energy projects to reduce electricity costs in Indigenous communities. In November 2023, the government announced an increase of \$5 million for the Independent Electricity System Operator (IESO) Indigenous Energy Support Programs, bringing the total annual investment up to \$15 million. The IESO awarded funding for 93 projects from across 58 Indigenous communities in 2023, which will help promote Indigenous leadership in the electricity sector. These Indigenous Energy Support Programs help ensure that Indigenous communities can fully leverage opportunities in the electricity sector that can create significant, long-term economic benefits.

Reviewing Time-Limited Relief for the Electricity Distribution Sector

Under the *Electricity Act, 1998*, municipal electricity utilities (MEUs) are subject to a transfer tax of 33 per cent on the fair market value of electricity assets sold to the private sector. The government supports sector consolidation in an effort to improve services and convenience, improve reliability and security, cyber security and the adoption of new technology and consumer demands.

In the *2022 Budget*, Ontario extended temporary tax relief measures related to the sale of assets until December 31, 2024. During this period, the transfer tax rate is reduced from 33 per cent to 22 per cent for larger MEUs, and the rate is reduced from 33 per cent to zero per cent for MEUs with fewer than 30,000 customers. In addition, any capital gains arising under the electricity payments in lieu of taxes (PILs) deemed disposition rules are exempt from any PILs.

In 2024, Ontario will review supports for consolidation of interested MEUs, and will provide a status update expected as part of the *2024 Ontario Economic Outlook and Fiscal Review*, prior to the expiry of the existing relief measures.

Consolidation in the electricity distribution sector can help local distribution companies be better positioned to support Ontario's electrification needs and improve services for customers well into the future.

Supporting Innovation and Economic Growth Through Research and Technology

Innovation is essential to Ontario's long-term economic growth. Technological advancements and new approaches across all industries help drive innovation and progress, propelling Ontario towards a stronger, more resilient and productive economy for today and the future.

Strengthening Research and Development With Advanced Research Computing

Ontario's advanced research computing (ARC) facilities help ensure researchers have the resources they need to make new discoveries and commercialize the innovations that benefit businesses, workers and families across the province. The Ontario government is investing an additional \$18 million over the next three years to support the ongoing operation and maintenance of Ontario's ARC systems located across the province and ensure the systems meet the storage and computational demands for research into technologies such as artificial intelligence (AI). In addition, the government is investing \$47.4 million for the infrastructure refresh of aging ARC systems at the University of Toronto (the Niagara Supercomputer) and University of Waterloo (the Graham Supercomputer).

In 2022–23, ARC systems helped support over 6,000 Ontario researchers and 4,000 trainees. Over the last five years, investments have also supported the development of 338 patent applications, the launch of more than 250 technology startups, and 800 global collaborations. This investment will support advancements in critical fields such as life sciences, engineering, clean technologies, nuclear research, electric vehicles and quantum computing.

Expanding Regional Innovation Centres to Barrie

Ontario is continuing to promote entrepreneurship and innovation by investing an additional \$1 million per year starting in 2024–25 in Ontario's Regional Innovation Centres (RICs). With this funding, the government will launch a new RIC in Barrie to further expand the regional benefits of innovation and economic growth.

Regional Innovation Centres are non-profit organizations, with 17 centres currently located across the province. They play a vital role in the innovation ecosystem by ensuring entrepreneurs have the resources and networks they need to start and grow their businesses. These centres provide a number of programs and services, including expert advice and mentorship, training and workshops, market intelligence, as well as connections to resources, funding and partners. In 2022–23 alone, RICs supported 5,500 unique Ontario technology clients that contributed to the creation of over 10,000 new full-time jobs, playing a key role in supporting technology job creation in their respective regions. The new RIC in Barrie will further extend the reach of the Regional Innovation Centres across the province to support the growth and success of early-stage and growing innovation and technology companies.

Keeping Costs Down for Ontario Businesses

The government has taken significant action to lower costs for businesses to help them compete, grow and weather today's economic uncertainty. Ontario's small businesses account for more than 97 per cent of all businesses in the province, helping to drive the economy and create good-paying jobs for workers in growing communities across Ontario.

In 2024, the government would enable an estimated \$8.0 billion in cost savings and support for Ontario businesses, of which \$3.7 billion would go to small businesses. Some of the actions taken include:

- Implementing the Ontario Made Manufacturing Investment Tax Credit to help local manufacturers invest and expand, by lowering costs for eligible investments in buildings, machinery or equipment used in manufacturing or processing in the province;
- Temporarily cutting the gas tax by 5.7 cents per litre and the fuel tax by 5.3 cents per litre beginning July 1, 2022, which are proposed to be extended to December 31, 2024, to help reduce the cost of gas and fuel for Ontario businesses;
- Supporting cuts to Workplace Safety and Insurance Board (WSIB) premium rates without reducing benefits, leading to a reduction in payroll costs for businesses;
- Increasing the Employer Health Tax (EHT) exemption from \$490,000 to \$1 million. The EHT exemption increase helps businesses by reducing the tax for eligible private-sector employers on their total Ontario payroll;
- Cancelling the cap-and-trade carbon tax to remove its cost impact from items such as gasoline, diesel fuel and natural gas;
- Lowering high Business Education Tax (BET) rates, providing \$450 million in annual savings for over 200,000 employers, or 95 per cent of all business properties in Ontario;
- Reducing the small business corporate income tax rate to 3.2 per cent and expanding access to this preferential rate, helping small businesses compete and thrive by lowering their costs;

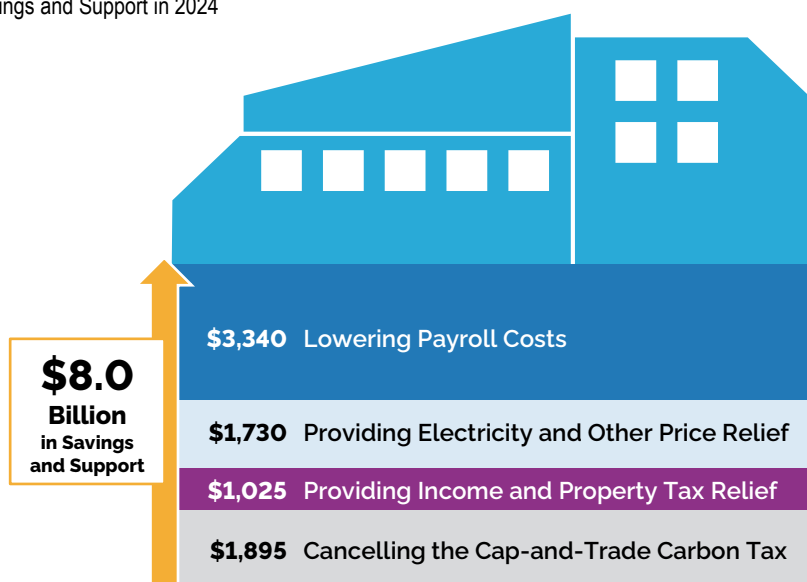


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- Implementing the Regional Opportunities Investment Tax Credit to support businesses that make investments and expand in regions of Ontario that have lagged in employment growth;
- Allowing businesses to accelerate writeoffs of capital investments for income tax purposes, to support businesses that make eligible investments across Ontario; and
- Implementing the Comprehensive Electricity Plan in January 2021, which is lowering electricity costs by an estimated average of 13 to 16 per cent in 2024 for medium-size and larger industrial and commercial customers, respectively.

Chart 1.1 Supporting Ontario Businesses

Aggregate Savings and Support in 2024
(in \$ Millions)



Notes: Lowering payroll costs includes supporting Workplace Safety and Insurance Board (WSIB) premium reductions, increasing the Employer Health Tax (EHT) exemption to \$1 million starting 2020 and changing the minimum wage. Providing electricity and other price relief represents lowering electricity prices through the Comprehensive Electricity Plan; reducing Liquor Control Board of Ontario (LCBO) wholesale prices for bars, restaurants and other eligible licence holders; and the direct savings to businesses from extending the 5.7 cent per litre cut to the gas tax and the 5.3 cent per litre cut to the fuel tax until December 31, 2024. Providing income and property tax relief includes reducing Ontario's small business corporate income tax rate to 3.2 per cent and expanding access to this preferential rate; allowing businesses to accelerate writeoffs of capital investments for income tax purposes; implementing the Regional Opportunities Investment Tax Credit; implementing the Ontario Made Manufacturing Investment Tax Credit; lowering high Business Education Tax (BET) rates; and not paralleling the federal tax increase on some small businesses earning passive investment income. Figures are rounded to the nearest five million.

Source: Ontario Ministry of Finance.

Helping Small Businesses Grow and Thrive

Small businesses and entrepreneurs are a critical part of Ontario's plan to grow the economy. The government understands that small businesses face unique challenges and that a one-size-fits-all approach to business support may not be effective.

Ontario's Small Business Enterprise Centres (SBECs) provide entrepreneurs with a full range of support services needed to start and successfully grow their small business. These centres are located across the province and provide one-stop access to advisors, programs and services, as well as learning opportunities for small business owners specific to their region, including:

- Financial support through microgrants for eligible entrepreneurs and students;
- Free consultations with a qualified business consultant;
- Internet and computer access for business research and planning;
- Review of business plans;
- Workshops and seminars; and
- Guidance on licences, permits, registration, regulations, and other documents required to start a business.

Ontario is investing an additional \$6.8 million over the next two years to enhance the Starter Company Plus program and it is also providing additional support for Ontario entrepreneurs. The enhancement will allow more eligible entrepreneurs to receive a Starter Company Plus Grant of \$5,000, and will provide grants to an additional 500 entrepreneurs over two years. Through the program, these entrepreneurs will receive training, mentoring and business advice.

In addition, this new funding will support the Summer Company program, which is delivered through the SBEC network. The program provides at least 12 hours of business training, one-on-one mentoring and grants up to \$3,000 to Ontario students between the ages of 15 and 29 to start a full-time business over the summer. This additional funding will provide grants to an additional 250 students (15 to 29 years old) over two years. The Summer Company program has launched over 1,700 youth businesses over the last five years across Ontario.

The new funding will also help the Fédération des gens d'affaires francophones de l'Ontario (FGA) provide additional support to help Ontario's Francophone entrepreneurs start and grow their business through dedicated advisory supports, workshops and events. Through this funding, Francophone entrepreneurs will be able to receive services in their preferred language.

Modernizing Capital Markets

The government continues to collaborate closely with key partners, including the Ontario Securities Commission (OSC) and the Canadian Investment Regulatory Organization (CIRO), to modernize Ontario's capital markets and foster competition, innovation and economic growth while ensuring investor protection.

To support equitable access to capital markets, the government is actively supporting the OSC in engaging Indigenous partners to identify opportunities for increased participation of Indigenous businesses and communities in capital markets.

The Ontario government remains committed to promoting capital formation. This is why it continues to work with the OSC to establish a Long-Term Asset Fund (LTAF) framework to enhance both institutional and retail investor access to investment opportunities in capital-intensive assets such as infrastructure, natural resource projects, and other relatively less liquid assets.

In addition, to promote capital markets and facilitate investment in Ontario companies, the OSC has undertaken several priority initiatives. To encourage early-stage financing, the OSC is working to develop rules to support angel investor groups and broadening sources of capital by adopting a self-certified prospectus exemption. To support capital-raising for smaller issuers, the OSC is broadening investment dealer participation in prospectus offerings.

The government and the OSC continue to evaluate and implement, as appropriate, recommendations from the Capital Markets Modernization Taskforce as part of modernizing Ontario's capital markets regulatory framework. To date, 21 recommendations from the Capital Markets Modernization Taskforce have been fully implemented, with an additional five recommendations anticipated to be implemented by 2025.

Supporting Ontario's Film and Television Industry

Ontario's vibrant and growing film and television industry continues to create high-value jobs and attract investment across the province. Productions that received support from provincial programs spent approximately \$3.2 billion in Ontario in 2022, which contributed to over 45,000 full-time direct and spinoff jobs.²

As first announced in the *2022 Budget*, the government is modernizing Ontario's film and television tax credits to reflect the latest industry practices. Since 2022, the government has expanded tax credit eligibility to productions made available exclusively online, introduced a screen credit requirement, and expanded eligible expenditures for the Ontario Production Services Tax Credit to include location fees.

The government also committed to exploring opportunities to simplify tax credit support for computer animation and special effects activities. Based on feedback from industry consultations, the government is proposing new requirements for the Ontario Computer Animation and Special Effects Tax Credit to simplify eligibility and help companies get their tax credits faster, while also ensuring support remains targeted to professional productions.

"Our members unanimously support the government's proposed changes to simplify the Ontario Computer Animation and Special Effects Tax Credit. These changes will help grow Ontario's visual effects and animation companies and improve our industry's competitiveness domestically and internationally."

Matt Bishop and Pete Denomme
Co-Chairs
Computer Animation Studios of Ontario (CASO)

Going forward, the government will review the Ontario Film and Television Tax Credit regional bonus to ensure it effectively supports film and television production across the province.

See the *Annex: Details of Tax Measures and Other Legislative Initiatives* for more information.

² Ontario Creates, "2022 Film and Television Production Statistics," <https://www.ontariocreates.ca/assets/images/research/Statistics/Eng/2022-Film-and-Television-Production-Statistics-Backgrounder-final.pdf>

Supporting Ontario's Agriculture and Food Sector

The government recognizes the importance of the agriculture and food sector to the people of Ontario and to the provincial economy, as well as the challenging economic environment. Ontario will continue to work with the sector to manage the risks that it faces and to help grow the industry. In addition, in January 2024, the government announced the beginning of consultations to help inform the development of a new rural economic development strategy.

Building Infrastructure, Highways and Transit in Your Communities

Ontario is investing more than \$190.2 billion over the next 10 years in highways, transit, broadband, housing-enabling and other infrastructure. This is the most ambitious capital plan in Ontario's history, and is part of the government's plan to build the infrastructure that communities and municipalities need to grow and prosper.

Funding Infrastructure to Build More Homes

To address Ontario's housing crisis, the provincial government is working with other levels of government and industry partners to help build at least 1.5 million homes by 2031.

Introducing the New Municipal Housing Infrastructure Program

Building more homes is critical to rebuilding Ontario's economy. Building homes requires housing-enabling infrastructure. This is why the government is investing \$1 billion for the new Municipal Housing Infrastructure Program to largely support core infrastructure projects, such as roads and water infrastructure to enable housing for growing and developing communities.



Enhancing the Housing-Enabling Water Systems Fund

In January 2024, Ontario launched the three-year \$200 million Housing-Enabling Water Systems Fund to help municipalities repair, rehabilitate and expand drinking water, wastewater and stormwater infrastructure. The government is quadrupling the Housing-Enabling Water Systems Fund to total \$825 million so more funding can be available, through an application-based program, for municipal water infrastructure projects that would enable new housing.

Rewarding Municipalities with the Building Faster Fund

In August 2023, the government announced the Building Faster Fund, a three-year \$1.2 billion fund to support municipalities that meet or exceed the housing targets they have pledged to achieve by 2031. The fund rewards municipalities that make significant progress against their targets by providing funding for housing-enabling and community-enabling infrastructure. Funding is provided to municipalities that have reached at least 80 per cent of their provincially assigned housing target for the year with increased funding for municipalities that exceed their target.

The Building Faster Fund also includes \$120 million for small, rural and Northern communities that have not been assigned a housing target to support their unique needs and circumstances, following municipal consultations.

The government is giving municipalities the tools they need to build more homes faster, to tackle the affordability crisis that is pricing too many people, especially young families and newcomers, out of the dream of homeownership.

Ontario continues to call on the federal government to pay its fair share and help fund housing-enabling infrastructure investments. The provincial government will continue to work with municipalities as part of Ontario's continuing commitment to help unlock housing opportunities and support growing communities.

Improving Flexibility on Loans for Water Infrastructure Projects

The government will also be providing municipalities increased access to financing for housing-enabling municipal water and wastewater infrastructure projects under Infrastructure Ontario's loan program, with options that will provide flexibility on construction period interest payments, including deferred interest payments until projects are substantially complete, longer loan terms, more flexible repayment terms, and lower administration costs. Deferring interest and principal payments until after the construction period will better align municipal revenues from new housing with payments on the loans from Infrastructure Ontario.

Building Stronger Communities for Future Generations

Advancing the Plan to Build With the Building Ontario Fund

Ontario's new infrastructure bank, the Building Ontario Fund, will support the financing and building of critical infrastructure projects across the province. As the government moves forward with *Ontario's Plan to Build*, the fund will act as a tool to attract capital in order to help meet the infrastructure needs of a growing Ontario. The government has allocated an initial \$3 billion to the fund.

Following its introduction in the *2023 Ontario Economic Outlook and Fiscal Review*, the fund announced the appointment of its inaugural board of directors. The fund continues to make progress in laying the foundation for future success as it establishes a governance framework and builds out the organization, including recruitment of the chief executive officer.

The Building Ontario Fund is developing a detailed process to ensure there is appropriate criteria for selecting projects and partners in priority areas, including long-term care homes, energy infrastructure, affordable housing, municipal and community infrastructure and transportation. This includes support for infrastructure projects for Indigenous communities that advance community and economic well-being. The fund is also creating opportunities for pension funds to put their members' investments to work right here in Ontario.

The fund is also exploring opportunities to support large-scale projects in the postsecondary student housing, long-term care, energy generation and municipal infrastructure sectors. For example, the Building Ontario Fund is currently engaging with Canadian entities with long-term investment horizons and an Ontario-based postsecondary institution to help finance new student housing projects. The fund is also exploring opportunities with partners to finance additional long-term care homes and major energy generation, including attracting investments to build new nuclear projects.

The Ontario government is proposing legislation to further support the Building Ontario Fund's mandate and investment objectives as an independent, arm's-length agency. The legislation, along with the government's allocation of initial funding, would support the fund in making infrastructure investments and help deliver more infrastructure faster.

Introducing the Community Sport and Recreation Infrastructure Fund

Ontario is investing \$200 million over three years in a new application-based local Community Sport and Recreation Infrastructure Fund, demonstrating the government's commitment to provide children, families and seniors across Ontario with new and improved opportunities to participate in sport and recreational activities. The fund will support a growing population by investing in new and revitalized sport, recreation and community facilities for youth and families. Addressing the critical need for infrastructure support in the sport and recreation sectors will ensure that the people of Ontario can live, work and play in their local communities.

Doubling the Ontario Community Infrastructure Fund

The Ontario Community Infrastructure Fund continues to build community infrastructure and provides investments in asset management for 425 small, rural and Northern communities across the province. The government doubled its annual investment to nearly \$2 billion over five years beginning in 2021–22 to help build and repair community infrastructure such as roads, bridges, water and wastewater infrastructure.



Table 1.1

Examples of Recently Approved and Completed Projects Under the Ontario Community Infrastructure Fund

Northern • Replacement of road crossing culverts on Poplar Road and construction of guardrails and surface treatment in the Municipality of Gordon-Barrie. • Replacement of Richer Bridge with a new road crossing in the Municipality of St. Charles. • Repairs and improvements to the water tower, including new interior lining and safety upgrades in the Town of Smooth Rock Falls.	Eastern • Reconstruction of Princess Street watermain, sewers, sidewalks and asphalt in the Town of Almonte. • Replacement and enhancement of existing watermain on Heber Street in the Town of Trenton. • Reconstruction of Battersea Road, including road surface and ditching improvements in the Township of South Frontenac.
Southwestern • Establishment of a multi-year project to complete inspections of municipal storm sewers in the Town of Grimsby. • Replacement of Vanneck Road Bridge in the Municipality of Middlesex Centre. • Renewal and upgrades of sanitary sewers, storm sewers, sidewalks and road rehabilitations along Dufferin Street in the City of Welland.	Central • Reconstruction of Margaret Street, including asphalt replacement, a new sidewalk, new storm sewer and drainage improvements, in the Township of Angus. • Rehabilitation of Mountainview Road Bridge, including repairing sidewalks, retaining walls and concrete curbs, in the Town of Halton Hills. • Commencement of a multi-year road rehabilitation project in the Township of Brock to repair roads and pave high traffic gravel roads with asphalt.

Source: Ontario Ministry of Infrastructure.

Expanding High-Speed Internet Access

The government is investing nearly \$4 billion to provide access to high-speed internet to every community across the province by the end of 2025. As of March 2024, more than 88,000 previously underserved premises now have access to high-speed internet. High-speed internet allows people to access vital services like health care, learn from home, enhance their business, participate in the agricultural sector and connect with loved ones.

Multiple programs and initiatives are being used to meet this goal, many of which are well underway already, providing access to internet service and better cellular connectivity, including:

- Awarding contracts to eight internet service providers, through the provincial Accelerated High-Speed Internet Program, which represents a diverse selection of local, regional and national carriers, to bring access to high-speed internet to unserved and underserved areas;
- Advancing the Improving Connectivity for Ontario program through co-funded projects with the Government of Canada;
- Improving cellular access to numerous rural communities in Eastern Ontario with a provincial investment of \$71 million in the Eastern Ontario Regional Network;
- Investing more than \$63 million in the Southwestern Integrated Fibre Technology (SWIFT) project to bring high-speed internet access to over 64,000 more homes, businesses and farms across Southwestern Ontario. To date, 91 of 97 SWIFT projects have been completed;
- Investing \$10.9 million to bring improved internet access to rural and First Nation communities across Northern Ontario; and
- Launching a Request for Proposals (RFP) in January 2024 for a qualified satellite internet service provider to deliver high-speed internet access for approximately 43,000 unserved and underserved homes and businesses where fibre optic or fixed wireless services are not available.

Providing High-Speed Internet Access Across Ontario

The provincial government has an interactive map³ that provides information on the status of high-speed internet projects in Ontario. This map allows the people of Ontario to search by address, community or municipality, making it easier to learn what is happening in select locations. The map also shows where there is high-speed internet access and locations of planned, active and completed provincially funded high-speed internet projects. Users can learn additional information on specific projects, such as the internet service provider, project status, provincial contributions and the technology to be used.

³ "Ontario High-Speed Internet Projects and Availability — Provincial Projects Download," <https://www.ontario.ca/page/ontario-connects-making-high-speed-internet-accessible-in-every-community>

Protecting Toronto's Waterfront: Port Lands Flood Protection

In January 2024, Ontario — along with the Government of Canada, City of Toronto and Waterfront Toronto — announced two new roads and bridges that will link the future Villiers Island to downtown Toronto, as well as to the surrounding Port Lands.

These bridges along Cherry Street North and Commissioners Street are the latest connections to open in the Port Lands, marking a key advancement in the Port Lands Flood Protection Project. The Cherry South Bridge, which crosses the future renaturalization of the mouth of the Don River, opened in October 2022.

The Port Lands Flood Protection Project will provide critical flood protection to southeastern portions of downtown Toronto, transform the area into usable public and green space, and upgrade roads and bridges to connect people cycling, walking and driving along the waterfront. Completion of the Port Lands Flood Protection Project will allow for thousands of housing units to be built on Villiers Island in the coming years. To date, Ontario has contributed over \$400 million to the project.

This work is an important step towards building future communities and housing in the Port Lands. As part of the new deal with the City of Toronto, the municipality will work with the provincial government to advance housing development projects on available Waterfront Toronto property.

Modernizing Ontario's Public Infrastructure

Ontario is investing \$250 million over three years in critical repairs for key public infrastructure across the province such as courts, detention centres, laboratories and offices. These investments will improve safety and support modern delivery of government services.

In addition, Ontario is returning surplus properties into productive use in support of government priorities such as attainable housing and other social infrastructure. This includes investing \$99.1 million over three years through the Site Preparation Pilot Program to repurpose surplus sites at the former Thistletown Regional Centre in Toronto and the St. Thomas Psychiatric Hospital.

The public should not be responsible for the costs of government buildings that are no longer needed or being used. This pilot program will help generate revenue from surplus government properties and reduce liabilities, while supporting priorities such as attainable housing and other social infrastructure.

Building Highways

Supporting the Construction of the Banwell Road and E.C. Row Expressway Interchange in Windsor

Ontario is supporting the construction of a new interchange at Banwell Road and E.C. Row Expressway in the City of Windsor to keep people and goods moving. This interchange will support the needs of this growing community and the development of the NextStar Energy electric vehicle battery plant, a joint venture between LG Energy Solution and Stellantis N.V., as well as associated supply chain facilities, and the new regional acute care hospital.

Advancing a New Interchange at Highway 416 and Barnsdale Road in Ottawa

The government is working with the City of Ottawa to plan and design a new interchange at Highway 416 and Barnsdale Road to support population growth and development planned by the City for the Barrhaven South area, including housing, commercial areas and employment lands. This interchange will improve safety and help keep people and the economy moving.



Expanding Highway 7 in York-Durham Region

The government is planning to expand Highway 7 from two to four lanes from west of Reesor Road in Markham, east to Brock Road in Pickering, to support the development of the City of Pickering's Innovation Corridor. This will ensure Highway 7 is a continuous four-lane highway, supporting the movement of goods and people in the region.

Building the New Highway 7 from Kitchener to Guelph

The government is advancing the project with activities that include replacement of the Frederick Street Bridge in Kitchener, environmental fieldwork, and other engineering work to support construction on the remainder of the corridor. Contractors were invited to submit proposals for the replacement of the Frederick Street Bridge in February 2024.

The final phase of construction for the new Highway 7 between Kitchener and Guelph will provide relief to the busy Highway 401 and connect the fast-growing urban centres of Kitchener, Waterloo and Guelph.

Connecting Highway 401 to Lauzon Parkway in Windsor

The government is supporting the City of Windsor by initiating a procurement for an environmental assessment and design of a new interchange connecting Highway 401 to Lauzon Parkway. The interchange will support increased opportunities for trade and better access to the Windsor-Detroit border.

Building Highway 413

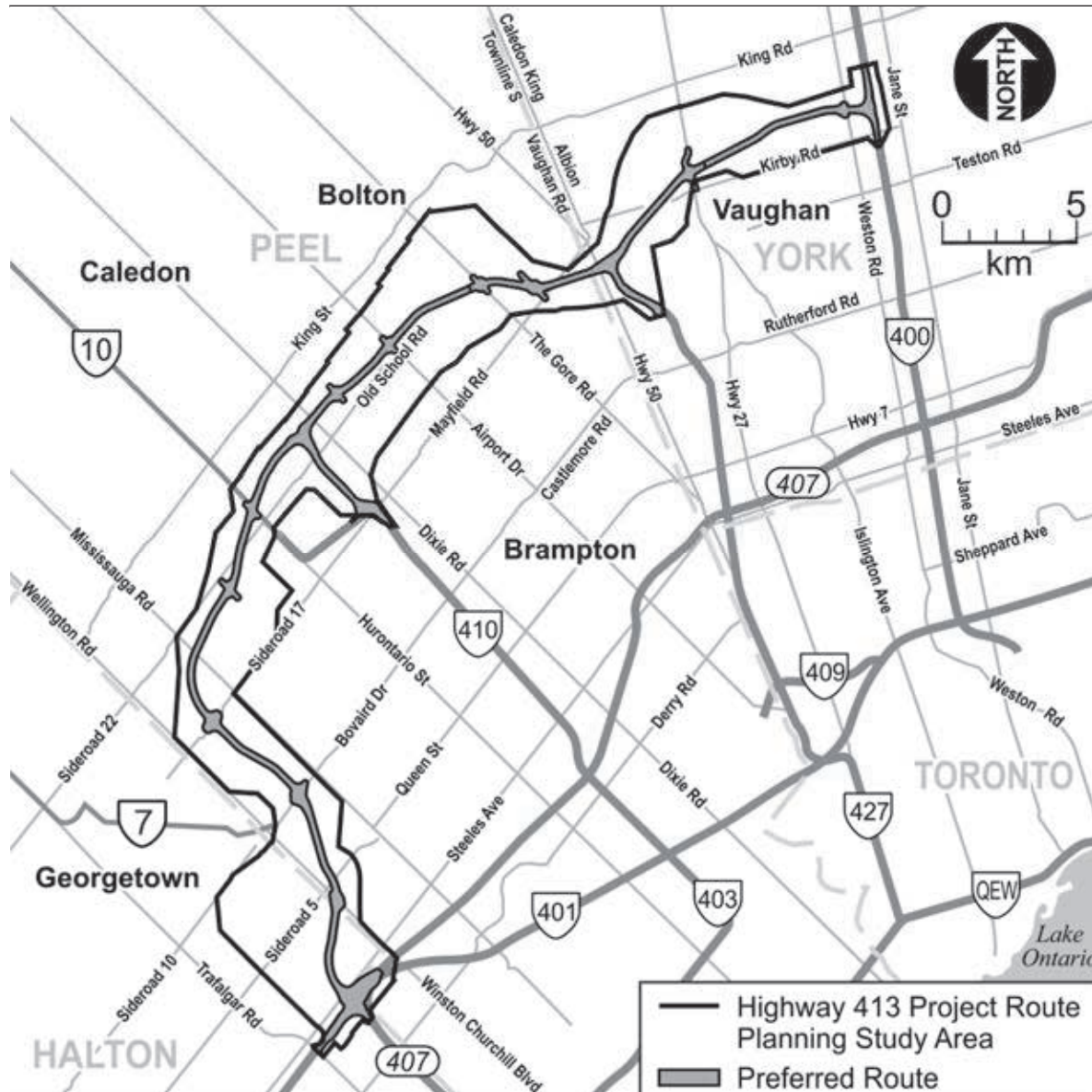
By 2051, the population in the Greater Golden Horseshoe is expected to reach nearly 15 million, growing by approximately one million new residents every five years. There is a pressing need for new highways to prepare for this growth and to help alleviate gridlock in what is already one of the busiest corridors in North America.

Ontario continues to move ahead with Highway 413, a new 52-kilometre (km) 400-series highway to better connect the corridor across Halton, Peel and York Regions. The highway will extend from Highway 400 in the east to the Highway 401/407 Express Toll Route (ETR) Interchange in the west and include extensions to Highway 410 and Highway 427.

During construction, Highway 413 is expected to support up to 3,500 jobs each year and generate up to \$350 million in annual real GDP. Once completed, Highway 413 will save drivers up to 30 minutes each way on their commute and keep goods and the economy moving. Upon completion, more than 300,000 trips will be taken on the highway every day.

The Highway 413 project is currently in Stage 2 of the Environmental Assessment, which includes refining the route, determining interchange and crossing road locations, and completing preliminary design for the proposed new transportation corridor. Significant data collection, fieldwork and analysis is continuing. In addition, several community and advisory group meetings have been held, as well as engagements and consultations with Indigenous communities.

Chart 1.2 Highway 413 Project Route



Source: Ontario Ministry of Transportation.

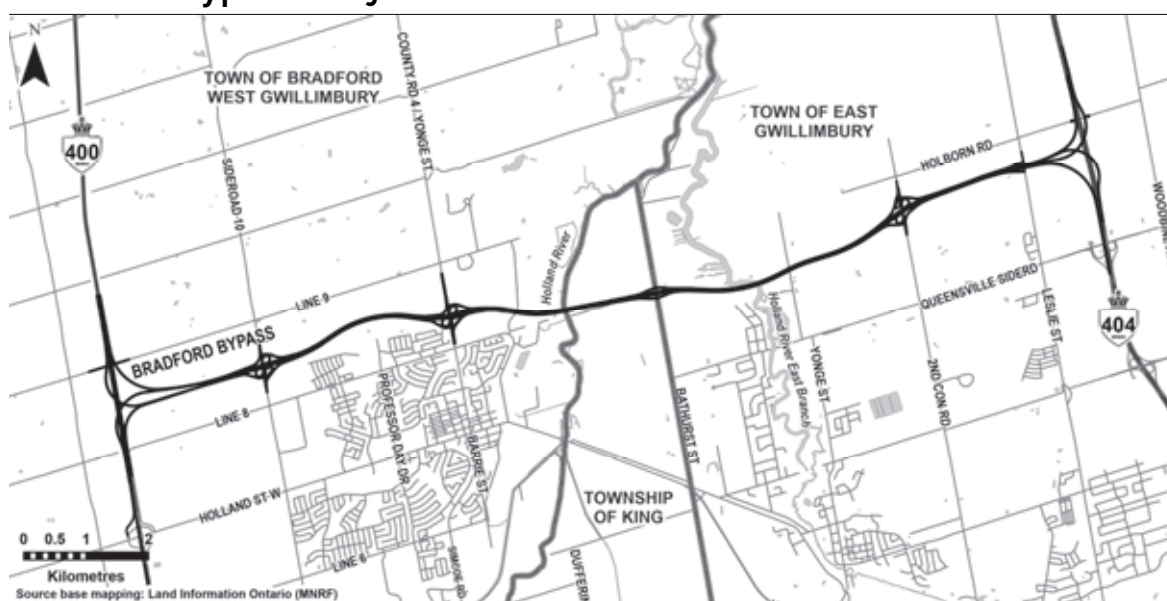
Getting the Bradford Bypass Built

Ontario is helping prepare York Region and Simcoe County for rapid population growth over the next 10 years by building the Bradford Bypass, a new four-lane highway that would relieve congestion on existing east-west local roads and provide a northern freeway connection between Highway 400 and Highway 404.

In November 2022, construction began with an Early Works contract to build a new bridge at Simcoe County Road 4. In December 2023, the government initiated procurement activities to advance the development of the West Contract of the Bradford Bypass for the section from Highway 400 to County Road 4. This includes procuring services to design the route. This procurement is expected to be completed by late spring 2024.

Once complete, the Bradford Bypass will save drivers an estimated 35 minutes in travel time. During construction, the project is expected to create up to 2,200 jobs per year and contribute up to \$286 million to GDP between 2024 and 2030.

Chart 1.3
Bradford Bypass Project Route



Source: Ontario Ministry of Transportation.

Expanding Highway 401

The Highway 401 corridor in Eastern Ontario is an important economic link between Ontario, Eastern Canada and the United States. It carries about 10,000 trucks with commodities valued at up to \$380 million per day. The government is continuing work to widen Highway 401 easterly from Brock Road in Pickering, as well as replacing bridges in Port Hope, helping tens of thousands of drivers per day get to work and home faster, as well as get goods to market sooner.

This builds on the previous work to improve the Highway 401 corridor, including the recent completion of additional lanes in Mississauga and Milton.

Widening Highway 401 from Mississauga to Milton

The government expanded Highway 401, the busiest and most congested highway in North America, with 18 kilometres of new lanes from Mississauga to Milton. Approximately 180,000 vehicles and \$930 million worth of goods per average weekday travel this section of Highway 401 from the Credit River in Mississauga to Regional Road 25 in Milton. The expansion was completed prior to the 2023 winter season to help keep goods and people moving across the Greater Golden Horseshoe.

Building Highways for Northern Ontario

The government is investing in highways in the North to improve road safety and unlock economic opportunities. Projects include:

- Supporting the construction and repair of municipal roads and bridges that connect to provincial highways through communities, including the reconstruction of Highway 101 through Timmins;
- Widening Highway 17 from Kenora to the Manitoba border;
- Resurfacing Highway 144 from north of Highway 560 northerly to Highway 661, near Gogama;
- Continuing to widen Highway 69 from two to four lanes, from Parry Sound to Sudbury;
- Expanding Highway 11/17 between Coughlin Road and Highway 582 (east junction) west of Red Rock;
- Widening Highway 11/17 between Thunder Bay and Nipigon; and
- Proceeding with the design and environmental assessment work for a 2+1 highway pilot in Northern Ontario, for two locations on Highway 11 north of North Bay. A 2+1 highway is a three-lane highway with a centre passing lane that changes direction approximately every two to five kilometres.

Expanding and Improving Roads, Highways and Bridges Across Ontario

The government is investing \$27.4 billion over the next 10 years to connect communities, fight gridlock and keep goods and people moving across the province. The Ontario highways program includes more than 650 expansion and rehabilitation projects that are either underway or planned over the next four years.

In 2024–25 alone, Ontario is investing \$3.9 billion towards projects that will expand and rehabilitate provincial highways and bridges.

The government is building capacity and enhancing road safety for travellers by:

- Moving forward with the Queen Elizabeth Way (QEW) Garden City Skyway Bridge Twinning project, which includes construction of a new twin bridge on the QEW over the Welland Canal;
- Widening Highway 404 from Highway 407 to Major Mackenzie Drive, Markham, for high-occupancy vehicle (HOV) lanes;
- Widening Highway 3 from two to four lanes between Essex and Leamington;
- Replacing the Little Current Swing Bridge on Highway 6 in the Town of Northeastern Manitoulin and the Islands;
- Rehabilitating Highway 403 between Highway 401 and West Quarter Townline Road in Brant and Oxford Counties;
- Repairing bridges and culverts on Highway 28 in Renfrew County;
- Constructing a new interchange on Highway 6 in Wellington County as part of advance work for the Morriston Bypass;
- Rehabilitating the Bay of Quinte Skyway Bridge;
- Replacing bridges on Highway 417 in Ottawa; and
- Widening Highway 3 and Highway 4 to support growth and economic development in St. Thomas.

Table 1.2
Recently Completed Highway Projects

Northern	Eastern
• Highway 11/17: Expansion from two to four lanes from west of CPR Overhead at Ouimet, westerly to Dorion East Loop Road. • Highway 11/17: Highway expansion, including construction of a new Commercial Vehicle Inspection Facility from 7.3 km east of Highway 527, easterly for 3.3 km. • Highway 17: Resurfacing, paved shoulders and other improvements from Sudbury easterly to Kukagami Road, west of Markstay. • Highway 101: Resurfacing for 21 km from west of Little Star Lake Road to Nat River Bridge, east of Foleyet.	• Highway 17: New interchange at Calabogie Road, Renfrew County. • Highway 401: Replacement of Halleck's Road Bridge, United Counties of Leeds and Grenville, west of Brockville (allowing for future expansion of Highway 401). • Highway 7: Paving and drainage improvements, from Omemee westerly to Slanted Road, Kawartha Lakes.
Southwestern	Central
• Highway 21: Rehabilitation from Bruce Road 10 to Springmount. • Highway 402: Rehabilitation from Longwoods Road to Colonel Talbot Road, Middlesex County. • Highway 402: Resurfacing and culvert replacement from Colonel Talbot Road to Highway 401, London. • Highway 24: Resurfacing and reconstruction from Powerline Road to Glen Morris Road, County of Brant. • Highway 401: Widening from Highway 8 to Townline Road, Cambridge.	• Highway 400: Bridge and pavement rehabilitation from Steeles Avenue to Langstaff Road, Vaughan. • Highway 35: Bridge and pavement rehabilitations from Main Street north junction (Durham Road 17) to Highway 115, Clarington. • Highway 11: Bridge replacement, West Street, Orillia. • Highway 89: Pavement rehabilitation, culvert replacement, and other improvements from Industrial Parkway to west of Simcoe Road 50, Adjala-Tosorontio, Simcoe.

Source: Ontario Ministry of Transportation.

Building Transit

Delivering on *Ontario's Plan to Build* with public transit projects is vital to supporting the province's economy, alleviating gridlock, and connecting more people to jobs and housing.

Building More Frequent and Connected GO Transit Services

To better connect growing communities across the Greater Golden Horseshoe and Southwestern Ontario, the government is continuing to expand and build better GO train and GO bus services to make it easier and faster for people to get where they need to.

Expanding GO Service in Milton

The government is working to deliver fast, frequent GO rail service on the Milton GO Line, the fourth busiest line in the GO network, by adding two train trips every weekday and advancing the planning and design work for future two-way, all-day service. This expansion will support the growing communities of Mississauga and Milton by connecting more people to transit, jobs and housing across the Greater Golden Horseshoe.

Ontario is also calling on the federal government to agree to a cost-sharing partnership that will deliver all-day, two-way GO rail service along the Milton GO rail corridor by building a fully separated passenger rail line.

Ontario continues to invest in service and capacity improvements across the core network to bring two-way, all-day GO Transit service with faster trains, more stations and better connections.

- **Kitchener GO Line:** To enable two-way, all-day service on the Kitchener Line, improvements are being made to stations and the railway corridor. In Guelph, installation of the steel structure for the new south platform canopy was completed in August 2023, and work on the new train platform will be completed in 2024.
- **Bowmanville GO Rail Extension:** In June 2023, the government awarded a contract to advance the planning to extend GO rail service east of Oshawa into Bowmanville, which includes new tracks and signals, seven new bridges and at-grade crossing upgrades.
- **Niagara GO Rail:** In May 2023, the government increased GO train service between Union Station and the Niagara Region, with more express service between Hamilton, Burlington and Toronto. Year-round daily trips will not only reduce travel times for commuters but help to promote tourism in the Niagara Region.

Chapter 1: Building a Better Ontario

- **Bloor GO Station:** In August 2023, the government awarded a contract for the construction of a pedestrian tunnel connecting the Bloor GO/Union Pearson (UP) Express Station and the TTC's Dundas West Station. The Bloor GO/UP Express Station/TTC Connection will encourage travellers to choose to combine GO Transit or UP Express trips with TTC subway, streetcar or bus services, and support the growth of a more interconnected regional rapid transit network.
- **Bramalea GO Station:** The brand new accessible station, parking garage and bus loop will provide better access to GO Transit and Brampton Transit services. These improvements at the Bramalea GO Station will support future two-way, all-day GO train service along the Kitchener Line and connect more people to transit, jobs and housing across the Greater Golden Horseshoe.
- **Aurora GO Station:** The government is making critical infrastructure upgrades to the Aurora GO Station, which will provide commuters with better service, more transit connections and future two-way, all-day service between the Aurora GO Station and Union Station in Toronto. In August 2023, construction began on improvements that will include a new second platform and track, a new pedestrian tunnel with elevators, additional parking spaces, as well as rail signal upgrades.
- **Stouffville GO Line:** In October 2023, the government completed major infrastructure improvements at the new Old Elm GO Station and added two additional GO train trips along the Stouffville Line, which will increase safety and accessibility for customers, while supporting future two-way, all-day train service.



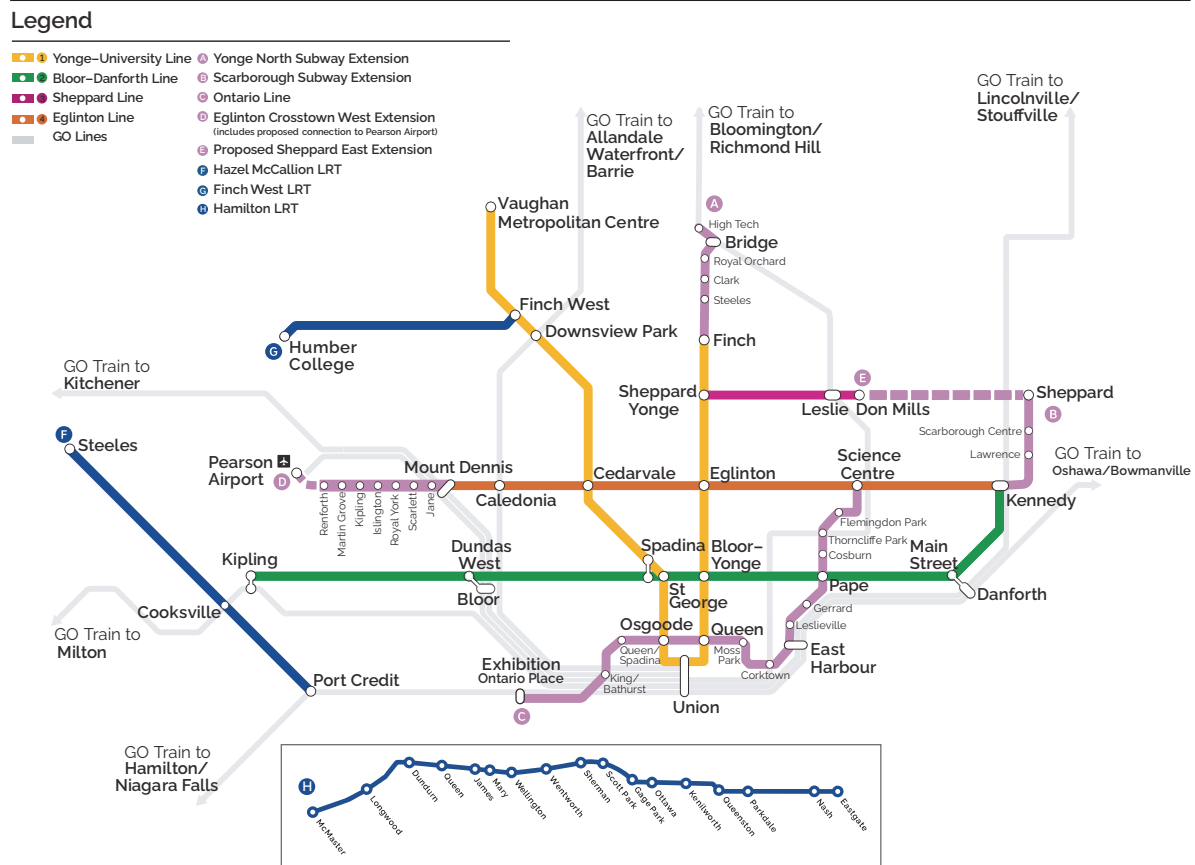
Building Subways

Work is underway on all four of Ontario's priority subway projects. The government is closer to providing better travel options, alleviating gridlock on the roads and creating thousands of good, local jobs.

The combined subway projects will support more than 16,000 jobs annually during construction over the next decade. Shovels are in the ground and recent milestones include:

- **Ontario Line:** The government received responses to its RFPs for the Pape Tunnel and Underground Stations and the Elevated Guideway and Stations contracts. Metrolinx and Infrastructure Ontario (IO) will enter into a development phase with the preferred proponent for each contract in 2024. Work is also underway in the Lakeshore East rail corridor, bringing transit upgrades including new rail bridges, retaining walls and noise walls to neighbourhoods surrounding the future sites of East Harbour, Riverside-Leslieville and Gerrard Stations. The project will provide significant relief from crowding throughout the existing transit network with 388,000 daily boardings expected and will reduce traffic congestion with 28,000 fewer cars on the road expected daily.
- **Three-Stop Scarborough Subway Extension:** In November 2022, the government selected a development partner for the Stations, Rail and Systems Contract. This contract includes design and construction of three new underground stations and bus terminals at each station. Work to build the extraction shaft for the tunnel boring machine began in October 2023. The project is expected to have 105,000 daily boardings and provide transit access within walking distance to 38,000 more people.
- **Yonge North Subway Extension:** In December 2023, the government issued an RFP for the Advance Tunnel Contract that includes work to design, build and finance the construction of tunnels. Early upgrade work at Finch Station, where the Yonge North Subway Extension will connect with existing Line 1 subway service, is now substantially complete. The upgrades set the stage for major construction of the subway extension to Richmond Hill and Markham.
- **Eglinton Crosstown West Extension:** As of February 2024, tunnelling is over 80 per cent complete. Contracts were awarded for the elevated guideway portion in December 2023 and the Advance Tunnel 2 project in February 2024.

Chart 1.4
Building Transit in the Greater Golden Horseshoe



Source: Ontario Ministry of Transportation.

Building and Expanding Light Rail Transit

The government is bringing fast, reliable transit projects to help reduce travel times and create more transit options, including:

- **Finch West Light Rail Transit (LRT):** This LRT from Humber College to Finch West Station will give those in Northwest Toronto a transit system that offers more choices to travel, cuts down on travel time and increases transit reliability. The project has reached a number of important milestones, including completing the construction of the guideway and maintenance and storage facility and receipt of all 18 light rail vehicles. The project is now undergoing testing and commissioning in preparation for service.
- **Eglinton Crosstown LRT:** The last remaining lane restrictions for construction of the Eglinton Crosstown LRT have been lifted. Platform work is also largely complete. Rigorous testing is currently underway across various systems.
- **Proposed Sheppard East Extension:** The government is currently studying options and seeking community input to extend rapid transit east along Sheppard Avenue, which would improve transit connections in Toronto's north end and make it easier and faster for people to get around Toronto and the GTA.
- **Hamilton LRT:** Due diligence work is currently underway related to matters such as subsurface investigations. In addition, engagement with Indigenous communities is also ongoing.

Extending the Hazel McCallion Light Rail Transit Line

Ontario is providing more transit options to connect people to good-paying jobs and housing in the rapidly growing cities of Mississauga and Brampton. The government has accepted an initial business case and will begin planning and design activities for the extension of the Hazel McCallion LRT Line. A downtown loop would connect the City of Mississauga's Square One District, and a Main Street extension would bring the LRT into downtown Brampton along the Hurontario-Main Street transit corridor. The planning and design activities will ensure the proposed extensions can progress as the construction of the Hazel McCallion LRT Line continues. Ontario will also use measures introduced in the *Building Transit Faster Act, 2020* to declare the Hazel McCallion Line extensions as priority transit projects.

Building Transit-Oriented Communities

The Transit-Oriented Communities Program is part of the government's plan to build vibrant, complete, mixed-use communities at or around transit stations. Transit-Oriented Communities will help increase transit ridership, create sustainable communities and build more homes, including more affordable housing, around GO Transit, LRT and subways. While Ontario works to help build 1.5 million homes by 2031, work is already underway to deliver on the Transit-Oriented Communities at 12 future stations along the new Ontario Line, Scarborough Subway Extension, and the Yonge North Subway Extension, creating over 79,000 new jobs and approximately 54,000 new residential units.

The government also passed the *GO Transit Station Funding Act, 2023*, to provide a new, voluntary funding tool for municipalities. This tool, called the Station Contribution Fee, could be used by municipalities to fund the design and construction of new GO Transit stations and recover costs over time as new development occurs around these future stations, encouraging new housing and mixed-used communities.

As part of the new deal with the City of Toronto, the municipality agreed to advance Transit-Oriented Communities by prioritizing approvals and finalizing agreements for the development of East Harbour, along with cooperation and collaboration from the City of Toronto on a proposal for a mixed-use Transit-Oriented Community at the future Woodbine GO Station.

Bringing Back the Northlander

Ontario is delivering on its promise to restore passenger rail service to Northern Ontario as the original Northlander service was cancelled in 2012. The Northlander train service will provide a safe and reliable transportation option for Northern communities and will run from Toronto to Timmins with a rail connection to Cochrane.

As part of this commitment, Ontario has purchased three new trainsets for the reinstated service. Moving forward, implementation activities include detailed design and engineering, environmental assessment, Indigenous and municipal engagement and consultation, and procurement, with construction of station and track improvements expected to begin in 2024.

The Northlander train will provide improved access to essential services such as health care and education, while supporting economic prosperity and tourism in the region, as well as strengthening the connection between the North and the South.



Supporting Ontario's Shortline Rail System

A well-functioning supply chain is critical for Ontario's economy. Ontario has an extensive network of railways including both larger national railways and several shortline railway systems. Shortline railways typically run shorter distances than the larger national railways and are often used to move goods between shippers and the main railway lines, providing critical "first and last mile" service to rail customers.

Ontario is committed to exploring ways to support shortline rail, which plays an integral role in providing safe and efficient transport of goods and people throughout the province.

In January 2023, the provincial government partnered with the federal government to announce an investment to support the rehabilitation of key rail infrastructure for the Huron Central Railway, which operates freight service between Sault Ste. Marie and Sudbury.

Launching the Ontario Transit Investment Fund

The government is launching the Ontario Transit Investment Fund to provide annual funding of \$5 million to deliver local and intercommunity transportation projects in unserved and underserved areas in Ontario, particularly in rural areas. The Ontario Transit Investment Fund builds on the Community Transportation Grant Program and will include an ongoing application-based intake with expanded eligibility that includes municipalities, Indigenous communities and non-profit organizations.

Exploring the Use of Digital Twins

As Ontario executes its most ambitious capital plan, the government is investing \$5 million to explore the use of digital twins to deliver its public infrastructure projects.

Digital twins are virtual models of a physical object or system, which are continuously updated with data to reflect the most current physical state of the asset more accurately. Digital twin technology could be used to assess potential issues with water treatment systems and other underground infrastructure. By using digital infrastructure to run simulations, proposed improvements and performance issues can be assessed before solutions are implemented. Utilizing digital twin technology could improve capital project delivery by leveraging existing infrastructure and data more effectively to help keep costs down, manage risks, and mitigate against potential schedule delays.

Through this initiative, Infrastructure Ontario is partnering with local and global organizations such as Toronto Metropolitan University to leverage their experience with digital twins and explore solutions to help modernize the delivery of public infrastructure.

Section B: Working for You

As Ontario continues its plan to rebuild the economy, the government remains committed to investing in workers and key public services, without raising taxes or fees.

Working for Workers

Ontario is continuing to make it easier for workers to get the skills they need for better jobs and bigger paycheques, while also helping them to plan for a secure retirement. The provincial government is making investments in training to help fill in-demand jobs in key areas like the skilled trades and health care, strengthening Ontario's economy and helping prepare the skilled workers needed to build roads, transit, hospitals and homes.

Supporting Skills Development and Training

Investing in Skills Training Through the Skills Development Fund Training Stream

The Skills Development Fund Training Stream is helping to address challenges in hiring, training and retaining workers through an additional \$100 million in 2024–25 to help workers and job seekers, including apprentices, get the skills they need to advance in their careers. This is in addition to the over \$860 million that has been invested since its launch in 2021. To date, the government has delivered close to 600 training projects to help more than 500,000 workers, including those in the skilled trades and health care, take the next step in their careers.

Helping Indigenous Workers in Northern Ontario Train for Rewarding Careers in Their Communities

The government is investing \$7.3 million through the Skills Development Fund to support Indigenous workers across Northern Ontario. The investment will fund eight innovative training projects that will help prepare 1,700 workers for in-demand jobs in critical sectors such as forestry, construction and health care. One of the projects, led by Ironworkers Local 759, will support 100 workers and job seekers to upgrade their skills for well-paying jobs in the construction sector. The other seven projects are led by various organizations across Northern Ontario and will help prepare job seekers for in-demand jobs across a number of industries.

Building New Skilled Trades Training Centres

Ontario is investing \$224 million to expand access to bricks-and-mortar training centres through the Skills Development Fund Capital Stream. The funding will help unions, Indigenous centres, and industry associations build new training centres, or upgrade and convert existing facilities into new training centres with state-of-the-art equipment and technology. The investments made through the Skills Development Fund Capital Stream will help ensure that Ontario has the world-class training facilities it needs to train more workers for the skilled trades and build Ontario's economy. These training centres will prepare people for emerging and in-demand jobs in critical sectors, including construction and health care, among others.

Training Apprentices Through Ontario's Skilled Trades Strategy

Ontario is helping people explore and prepare for life-long careers in the skilled trades to support the province's growing economy, deliver on the government's ambitious capital plan, and support better jobs and bigger paycheques. The government has invested more than \$1 billion in the skilled trades through its Skilled Trades Strategy and is providing an additional \$16.5 million annually over the next three years to support a variety of programs that focus on breaking the stigma and attracting more young people into the skilled trades, simplifying the system and encouraging employer participation in apprenticeships.

Helping Young People Kick-Start Careers in the Skilled Trades

Ontario is investing over \$62.9 million in two of the province's foundational programs to help more than 18,000 young people explore careers in the skilled trades, including:

- \$21.1 million to expand the Ontario Youth Apprenticeship Program (OYAP), a specialized high school program that gives students who have completed Grade 10 the chance to explore the trades through cooperative education courses, while completing their Ontario Secondary School Diploma; and
- \$41.8 million to launch approximately 100 pre-apprenticeship training projects around the province to help young people get firsthand experience working in trades, including a paid work placement with a local employer.

This funding for skills development and training programs will help train the skilled workers needed to build transit, hospitals and at least 1.5 million homes by 2031.



Helping Workers Train for In-Demand Jobs Through Better Jobs Ontario

The Better Jobs Ontario program helps eligible job seekers access short-term training programs by providing up to \$28,000 to cover expenses such as tuition, transportation and child care. In the *2023 Budget*, Ontario invested an additional \$15 million over three years to support the recent expansion of the program to more job seekers including youth, gig workers, newcomers and those on social assistance who may face barriers to finding stable employment. Since January 2021, this program has supported over 7,700 people looking to find better jobs and bigger paycheques.

Calling for Secure, Modern and Flexible Federal Labour Market Transfers From the Federal Government

Labour Market Transfer Agreements (LMTAs) provide critical support to Ontario for the design and delivery of employment, training and skills development programs. This funding supports skills training for the people of Ontario, including workers, job seekers, people with disabilities, youth and adult learners. These agreements support the continued investments Ontario is making to help job seekers and workers get and keep good jobs, and employers get the talent they need so that the province's labour market can thrive.

In March 2023, the federal government provided a one-year extension to the previous federal commitments under these agreements, which have been in place since 2017. Ontario joins other provinces and territories in urgently calling on the federal government to maintain this funding at current levels. Without action, 2024–25 would be the first year since 2017 that the federal government has not provided this funding to provinces and territories at its current level. In addition, immediate federal engagement is needed to modernize the LMTAs. This includes a clear commitment to adequate, flexible and predictable levels of LMTA funding, and to respect Ontario's expertise and experience in addressing the employment and training needs of the people of Ontario, including people with disabilities, newcomers and youth.

Helping Workers Plan for Retirement

Implementing a Target Benefit Framework

Target benefit pension plans provide a monthly stream of income in retirement at a predictable cost for employers. Multi-employer pension plans that provide target benefits are often created by a union or association within a specific industry, especially industries involving the skilled trades. This means members of these plans can move from employer to employer while continuing to participate in the same pension plan, which encourages job mobility and will help to attract more people into the skilled trades.

The government has been engaging with the sector over the past year on a permanent target benefit framework that builds on best practices for plan funding and governance and enhances communication with plan members. Taking into consideration feedback received during these consultations, the government is now drafting proposed regulations that would support the framework. These proposed regulations will be made available for technical review by the sector in summer 2024.

The government is also proposing legislative amendments that would support implementation of the framework. The government intends for the permanent target benefit framework to come into effect on January 1, 2025.

The permanent framework would help support the sustainability of these workplace pension plans and pave the way for more employers to offer them, helping workers to save for their retirement.

Keeping Costs Down

At a time when inflation and the Bank of Canada interest rates are high and everyday costs are up, the government is keeping costs down for families. While the economic situation remains challenging, Ontario continues to invest in key public services and lay out a path to a balanced budget without raising taxes or fees. Through investments and relief measures, the government aims to help with keeping costs down and making life more affordable for people. From housing to postsecondary education to transportation, the government is helping keep costs down for essentials for Ontario families while making the province a more affordable and competitive place to live and work.

Putting Money Back in Your Pocket

Recognizing that it is a challenging time for many across the province, the government is making it more affordable to take public transit, drive a car and attend postsecondary school, among other measures to help keep costs down.

Extending the Temporary Gas Tax and Fuel Tax Rate Cuts

In spring 2022, the Ontario government temporarily cut the gasoline tax rate by 5.7 cents per litre and the fuel tax rate by 5.3 cents per litre.

To provide additional relief to people and businesses, the government is proposing to extend these rate cuts so that the rate of tax on gasoline and fuel (diesel) would remain at nine cents per litre until December 31, 2024. This would save Ontario households \$320 on average over two and a half years since 2022. The resulting relief is especially important as the federal carbon tax is set to increase on April 1, 2024.

See the *Annex: Details of Tax Measures and Other Legislative Initiatives* for more information.

Protecting Against Carbon Taxes

The government is committed to protecting people and businesses from the high costs of a new and unexpected provincial carbon pricing program. This is why the government has taken a meaningful step to protect taxpayers' hard-earned dollars by introducing legislation that would require the provincial government to first ask the people of Ontario, via a referendum, before implementing a new provincial carbon pricing program.

As the government works to protect taxpayers, Ontario continues to call on the federal government to eliminate the federal carbon tax, which has increased inflation and made life less affordable for the people of Ontario.

Expanding Access to the Ontario Electricity Support Program

The government is keeping electricity costs down for about 100,000 additional families by expanding the eligibility for the Ontario Electricity Support Program (OESP). Beginning March 1, 2024, the income eligibility thresholds for the OESP were increased by up to 35 per cent to provide thousands of additional low-income families access to the program and make electricity more affordable. Families can apply for the OESP at any time. The OESP provides an on-bill credit of \$35 to \$75 per month, depending on household size, to provide support for low-income households when paying their electricity bills. Higher monthly credits of between \$52 to \$113 are available to customers who are Indigenous, living with Indigenous family members, using electric heating, or using certain electricity-intensive medical devices.

Continuing to Make Postsecondary Education Affordable Through an Extended Tuition Freeze

The government is continuing to provide financial relief for students and families seeking access to affordable postsecondary education. The provincial government is extending the tuition fee freeze for Ontario students in publicly assisted colleges and universities for at least three more years. Institutions will have the flexibility to increase tuition by up to five per cent for out-of-province domestic students. Since the freeze was first introduced after a 10 per cent reduction in tuition fees, students and parents have saved an estimated \$1,600 per year, on average, to attend university and an estimated \$350 per year, on average, to attend a public college, compared to what they would have paid under the previous policy.

Keeping Transit Costs Down

Ontario is keeping costs down for public transit riders through One Fare, which will save daily riders on participating systems an average of \$1,600 each year. Transit riders will only pay once to transfer between transit systems in the Greater Toronto Area (GTA). This is expected to lead to over eight million new rides every year.

One Fare builds on improvements the government made in 2022 and will make cross-boundary travel more affordable and convenient for students, seniors and other commuters.

Banning Road Tolls

Ontario is keeping costs down for drivers by proposing to ban any new tolls on new and existing provincial highways. This ban would also apply to the Don Valley Parkway and the Gardiner Expressway once uploaded to the province. The government already removed tolls on Highways 412 and 418 in April 2022.

Freezing Driver's Licence Fees

Ontario is also keeping costs down by freezing fees on driver's licences and Ontario Photo Cards, ensuring that any future increases can only be made through legislation. This would save drivers an estimated \$66 million over the next five years compared to a situation where fees would have increased at a historical rate. The people of Ontario have already saved \$22 million since the current freeze was put in place by the government in 2019.

Eliminating Licence Plate Renewal Fees and Stickers

The government put money back in people's pockets in 2022 by refunding eligible licence plate renewal fees paid since March 2020 for nearly eight million vehicle owners in Ontario. The government also eliminated licence plate renewal fees and plate stickers on a go-forward basis for passenger vehicles, light-duty commercial vehicles, motorcycles and mopeds that are owned by individuals, a company or business, resulting in savings of \$1.1 billion per year for vehicle owners.

Effective April 2019, the government also eliminated the Drive Clean program for passenger vehicles, saving money for Ontario drivers and reducing the regulatory burden on Ontario families.

Making Auto Insurance Work for You

In alignment with previous Budget commitments, the government will move forward with auto insurance reforms that would empower Ontario drivers with more affordable options, improved access to benefits and create a more modern system. Implementation of the proposed changes will be done in a way to help ensure that drivers are able to make informed decisions when choosing insurance coverage options available to them.

Enabling More Consumer Choice

Mandatory auto insurance accident benefit coverage will continue to apply to medical, rehabilitation and attendant care benefits, while all other benefits would become optional. This would provide drivers with an opportunity to lower their premiums by taking advantage of a wider range of coverage options to meet their needs.

For example, drivers may already have access to certain benefits through their workplace benefit plans, so they should have the choice to not have to pay for them twice through their auto insurance policies.



The government will be proposing to make auto insurance pay for medical and rehabilitation benefits following an auto accident before extended health care plans do. This would apply to all automobile accidents, regardless of the injury sustained. The proposed change would ensure that auto insurance companies pay for health care costs before extended health care plans and it would also help reduce paperwork and red tape for patients and their health care providers.

Reviewing Health Service Provider Guidelines and Frameworks

The government is committed to ensuring that those injured in auto accidents continue to receive the care they need and that health service providers are compensated appropriately for their services. The government is requesting that the Financial Services Regulatory Authority of Ontario (FSRA) review the Professional Services Guideline and the Attendant Care Hourly Rate Guideline, and consider updating these guidelines based on their findings. The government will consider FSRA's findings in future reviews of the Statutory Accident Benefits Schedule.

The government is also requesting that FSRA conduct a review of the Health Service Provider Framework and the Health Claims for Auto Insurance (HCAI) system to find administrative and cost efficiencies to contribute to having a more modern and efficient system.

Moving Forward With Product and Services Innovation

In January 2022, the government enabled a Test and Learn Environment allowing FSRA to support the creation of more innovative auto insurance products and services with the goal to improve customer experience and affordability. The government will continue to work with FSRA to identify further opportunities for innovation, competition and cost reductions by proposing to expand the number of items that could be piloted in FSRA's Test and Learn Environment.

Ensuring Fair Use of Territorial Ratings

The government, in collaboration with FSRA, is working to ensure there is no unfair use of territorial ratings. In January 2024, FSRA launched a pilot in their Test and Learn Environment to modernize Ontario's territory rating approach to support fairer pricing for auto insurance.

The Territories Test and Learn Environment allows participating auto insurers to propose and evaluate territory rate changes for private passenger vehicles within the GTA over a minimum two-year period. The findings of this pilot may be applied to other regions over time.

Keeping Taxes Low on Beer and Wine

The Ontario government is keeping costs down by stopping the estimated 4.6 per cent increase to the beer basic tax and Liquor Control Board of Ontario (LCBO) mark-up rates that were scheduled for March 1, 2024. This increase would have resulted from rates being indexed to inflation, which the government has consistently waived over the last six years. This latest freeze will be in place for two years, until March 1, 2026.

The government is proposing to eliminate the 6.1 per cent basic tax at on-site winery retail stores and preparing Ontario-based producers to help with the transition to a more open alcohol marketplace.

The government will conduct a targeted review of taxes and fees on beer, wine and alcoholic beverages with the aim of promoting a more competitive marketplace for Ontario-based producers and consumers.

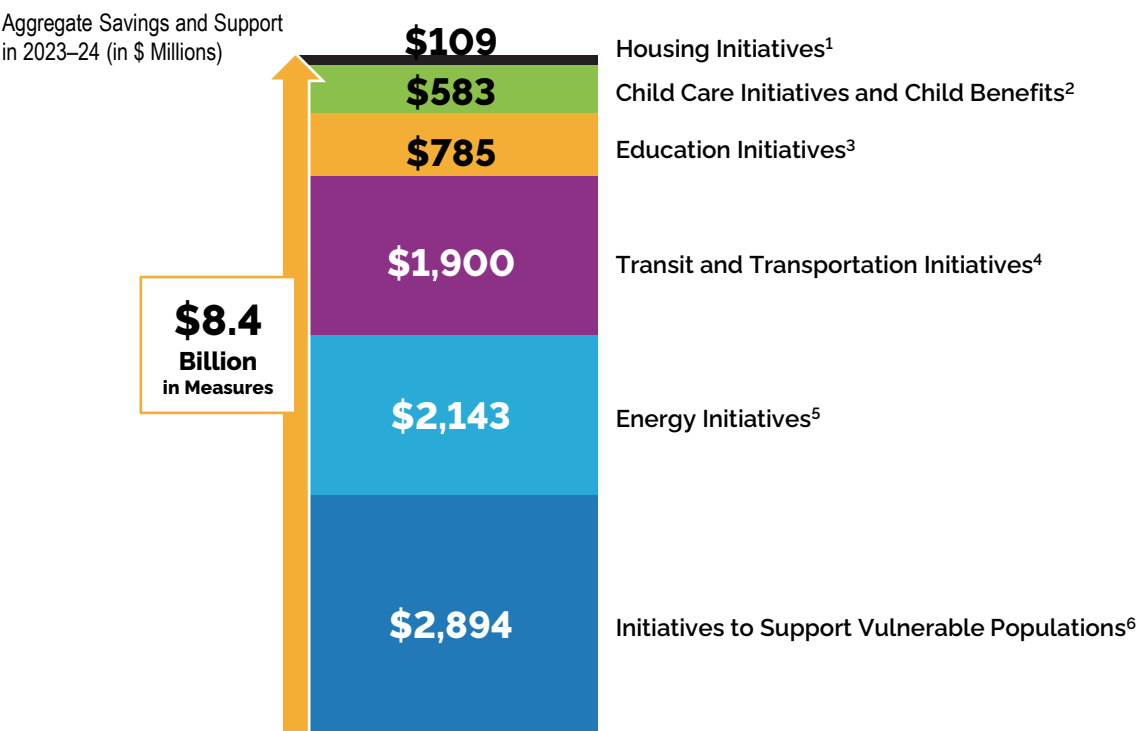


Supporting Individuals and Families

Financial pressures have left many in Ontario, especially those who are more vulnerable, feeling the burden of rising costs on their household budgets. The government understands that it is a challenging time for many across the province, particularly with recent high inflation. This is why the government has acted early to provide relief, taking steps to provide support and deliver on its commitment to make life more affordable.

Actions taken to date, summarized in Chart 1.5, will total \$8.4 billion in relief for families and individuals in the 2023–24 fiscal year.

Chart 1.5
Select Measures That Provide Relief to Families and Individuals



¹ Includes the provincial contributions to the Housing Supply Action Plan.

² Includes the Ontario Child Benefit (OCB) indexed to inflation and program growth; Ontario's contribution to the Canada-wide Early Learning and Child Care Agreement; and the Childcare Access and Relief from Expenses (CARE) Tax Credit.

³ Includes a 10 per cent tuition fee reduction and subsequent freeze for postsecondary students and its extension.

⁴ Includes eliminating and refunding fees from licence plate renewal and vehicle validation tags; fee freeze on driver's licence, tests, and vehicle validation and subsequent annual fee increase cancellation; removing double fares for GO Transit and increasing the PRESTO discount for postsecondary students (Fare and Service Integration); removing tolls on Highways 412 and 418; and cutting gas tax and fuel tax rates.

⁵ Includes cancelling the cap-and-trade carbon tax and also includes ongoing funding for the Ontario Electricity Support Program (OESP).

⁶ Includes increases to the Ontario Disability Support Program (ODSP) core allowances and Assistance for Children with Severe Disabilities (ACSD); the temporary doubling of the Ontario Guaranteed Annual Income System (GAINS) payments; the Low-income Individuals and Families Tax (LIFT) Credit and its enhancement; the Ontario Seniors Care at Home Tax Credit; OHIP+ and the Ontario Drug Benefit (ODB) Program reform for children and youth without a private plan; expanding the Home and Vehicle Modification Program; expanding the Assistive Devices Program for Continuous Glucose Monitors and Supplies; the Ontario Seniors Dental Care Program; the Ontario Community Support Program; the Shelters and Homelessness Operating Support component of the Toronto new deal; and the Homelessness Prevention Program and Indigenous Supportive Housing Program.

Notes: Numbers may not add due to rounding. Impacts on families and individuals will vary significantly since programs have different eligibility criteria.

Source: Ontario Ministry of Finance.

Helping Ontario's Most Vulnerable

Rising costs have impacted household budgets. The government continues to help Ontario's most vulnerable, including low-income seniors and individuals living with mental health and addictions challenges who are experiencing unstable housing conditions.

Providing Financial Support to More Seniors

To ensure that more seniors who need financial help get it, the government is expanding the Ontario Guaranteed Annual Income System (GAINS) program and indexing the GAINS benefit to inflation.

Starting in July 2024, the maximum benefit will increase to \$87 per month for eligible single seniors and to \$174 per month for couples. Going forward, the benefit will be adjusted to inflation annually.

Also in July, the annual private income eligibility threshold will increase from \$1,992 to \$4,176 for single seniors, and from \$3,984 to \$8,352 for couples.

These changes will allow about 100,000 more low-income seniors to receive payments, which is a 50 per cent increase in recipients.



Supporting the Seniors Community Grant Program

Through the Seniors Community Grant Program, the government is continuing to support local, not-for-profit community groups and organizations to deliver programs and services for seniors aged 55+. In 2023–24, approximately \$6 million in funding was provided to over 280 groups and organizations for activities for seniors that encourage greater social inclusion, volunteerism and community engagement. This helps seniors live independently and avoid isolation by staying connected to their communities.

Expanding Access to Supportive Housing

Ontario is investing an additional \$152 million over the next three years to support individuals facing unstable housing conditions and dealing with mental health and addictions challenges. This investment aligns with *Your Health: A Plan for Connected and Convenient Care* and advances the government's ongoing commitment to expand mental health and addictions support across individuals' lifespans through Ontario's Roadmap to Wellness. This funding will go towards a suite of supportive housing initiatives designed to bolster support for vulnerable populations, such as:

- Providing rent supplements for up to 10,679 supportive housing units to mitigate the impact of increasing rent costs due to housing market conditions.
- Maintaining 1,137 dedicated supportive housing units with expiring operating agreements, ensuring continued supportive housing for individuals with mental health and addictions challenges that are at risk of homelessness.
- Providing Indwell Community Homes funding for rent supplements and mental health and addictions support services to maintain supportive housing for over 640 individuals.
- Maintaining supportive housing for Salus in Ottawa and the Canadian Mental Health Association in North Bay and District, through investments to repair and renovate buildings, as well as to relocate up to 79 displaced low-income tenants with mental health and/or addictions needs.

The government will be considering new projects, starting next fiscal year, to build more supportive housing units across the province.

Adding More Supportive Housing Units to the Guelph-Wellington Area

The government is investing \$9 million over three years for Stonehenge Therapeutic Community and Guelph Community Health Centre to support individuals with complex, high acuity mental health and substance use issues. This investment will provide supportive housing and comprehensive mental health and addictions wraparound health care services to 32 new clients and also increase service levels for 76 high-needs supportive housing residents in the Guelph-Wellington area.

These measures complement the \$202 million in additional funding each year for the Homelessness Prevention Program and Indigenous Supportive Housing Program that was announced in the *2023 Budget*.

Helping to Increase Housing Supply and Affordability

One way to improve access to the housing market and affordability is to increase housing supply. This is why the government is taking action to make more homes available to the people of Ontario and supporting lower taxes on new purpose-built rental housing.

Empowering Municipalities to Make More Vacant Homes Available for Housing

Ontario will empower municipalities to increase housing supply and address housing affordability through municipal Vacant Home Taxes.

An unoccupied home is unacceptable in a housing crisis, which is why Ontario is extending authority broadly to all single- and upper-tier municipalities to impose a tax on vacant homes. This measure will increase housing supply, address housing affordability, and ensure more Ontario families can afford a home. Currently, Toronto, Ottawa and Hamilton have the authority to impose vacant home taxes.

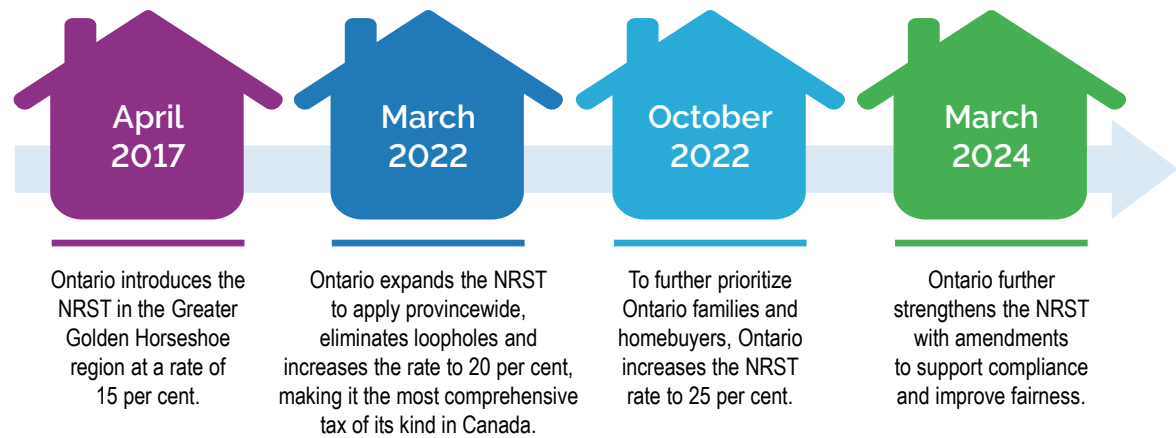
Municipalities will be supported with a new provincial policy framework that sets out best practices for implementing a Vacant Home Tax. The framework will also encourage municipalities to set a higher Vacant Home Tax rate for foreign-owned vacant homes.

Prioritizing Ontario Homebuyers

Ontario’s Non-Resident Speculation Tax (NRST) is a tax applied at the time of a home purchase by a foreign entity.

The government has taken steps to enhance the NRST — the most comprehensive tax of its kind in Canada — to tackle the issue of foreign investors speculating on the province’s housing market, in order to help make more homes available for the people of Ontario. In 2022, the government expanded the tax provincewide and increased the rate from 15 per cent to 25 per cent. Moving forward, the government is taking further action to strengthen the NRST with amendments to support compliance and improve fairness.

Chart 1.6
Ontario's Non-Resident Speculation Tax Timeline



Source: Ontario Ministry of Finance.

In addition, the government is taking steps to increase information sharing between provincial, federal and municipal governments. Ontario’s leadership on this initiative would support greater understanding of home vacancy, foreign purchasing and ownership patterns. All three levels of government need to work together to solve the housing supply crisis, to ensure Ontario families and homebuyers take priority in the housing market. Data is a powerful tool to better understand vacancy and foreign-purchasing patterns, while simultaneously supporting tax compliance and incentives to discourage speculation.

Removing Harmonized Sales Tax on Purpose-Built Rentals

As announced in fall 2023, Ontario has taken steps to enhance the Ontario Harmonized Sales Tax (HST) New Residential Rental Property Rebate to remove the full eight per cent provincial portion of the HST on qualifying new purpose-built rental housing. This will help encourage the construction of more purpose-built rental housing. Canada Mortgage and Housing Corporation (CMHC) data show that 2023 had a record high number of rental housing starts in Ontario.¹

The enhanced relief would apply to new purpose-built rental housing, such as apartment buildings, student housing and senior residences built specifically for long-term rental accommodation. This would mirror the enhancements to the federal Goods and Services Tax/Harmonized Sales Tax (GST/HST) New Residential Rental Property Rebate and together would remove the full 13 per cent HST on qualifying new purpose-built rental housing in Ontario.

The enhanced rebate would apply to qualifying projects that begin construction on or after September 14, 2023, and on or before December 31, 2030, and complete construction by December 31, 2035.

Changes to Ontario's rebate require federal regulatory changes. Ontario will continue to work closely with the federal government to ensure the coordinated and timely implementation of the enhanced rebate, and to maximize its impact.

Enabling Municipalities to Lower Taxes on New Purpose-Built Rentals

Ontario is committed to addressing the current housing crisis and increasing housing affordability for the people of Ontario. To further encourage the development of purpose-built rental properties, effective immediately, Ontario is providing municipalities with the flexibility to offer a reduced municipal property tax rate on new multi-residential rental properties.

¹ CMHC Starts and Completions Survey (by intended market, for population centres of over 10,000).

Investing in Innovative Modular Construction

The government recognizes that fresh approaches to tackle Ontario's housing crisis will give people more options to access housing that is affordable and attainable. As part of this strategy, the government is developing an attainable housing program that will help make homeownership a reality for more Ontario families.

This includes embracing modular construction and other innovative options to accelerate development, improve affordability and nurture home-grown industries that support quality jobs in Ontario. Modular construction involves building a home using one or more prefabricated components or modules. The home is constructed partially or completely off-site, then transported to a property for assembly.

The government is engaging with the construction sector, municipalities and Indigenous communities on the use of modular construction and other innovative technologies so that more people can live in a home that they can afford. Embracing innovative solutions like modular housing will help improve the supply of affordable and attainable housing for the people of Ontario.

Better Services for You

From health care to child care, transit and justice services, the public services that the people of Ontario need should be convenient and easy to access. The government is challenging the status quo to provide better services for people and businesses across the province.

Making Health Care More Connected and Convenient

The government is continuing to make health care more connected and convenient across the province to ensure patients are provided with the right care in the right place, and have faster access through an expanded health care workforce and enhanced services. This is why, in February 2023, the government introduced *Your Health: A Plan for Connected and Convenient Care*, which puts people at its heart, by adding and expanding health care services closer to home. The plan is built on three pillars: The Right Care in the Right Place, Faster Access to Care, and Hiring More Health Care Workers.

The government also continues to invest in improved access to digital services for the people of Ontario. This includes enhancing Health811 services to enable increased access to virtual care, online appointment booking, and integration with Ontario Health Teams. This also includes continuing to invest in remote care management, which is integral to supporting patients in the comfort of their homes rather than in hospital for a wide range of conditions, including post-surgical discharge and chronic disease management.

Supporting Home and Community Care

In the *2023 Budget*, the government accelerated the commitment of \$1 billion over three years to stabilize the home and community care workforce and to support the expansion of home care services. In this Budget, the government is investing an additional \$2 billion over three years to boost this acceleration, support earlier investments to increase compensation for personal support workers, nurses and other frontline care providers, and to stabilize expanded services.

The government continues to invest in transforming the home care system, including new models of care and modernizing the Client Health and Related Information System (CHRIS), the digital infrastructure system supporting home care.

For community care, the government is providing supports for the workforce to strengthen adult day programs, meal services, transportation and assisted living services. Having strong home and community care is a key part of the government's plan for connected and convenient care, to keep people healthy and in the comfort of their homes.

Investing in Hospitals

Ontario recognizes the indispensable role hospitals play in delivering critical health services to communities across the province. This is why the government is investing an additional \$965 million in 2024–25, including a four per cent increase in total base hospital funding for an unprecedented second year in a row, to ensure public hospitals are able to meet patients' needs and to increase access to high-quality care. This investment also includes funding for stabilization and management of the surgical system, with a focus on maximizing capacity to increase the number of surgeries performed to provide the people of Ontario the care they need with shorter wait times.

As part of ongoing efforts to build a strong and resilient health system, the government is also providing funding to ease pressures faced by small and Northern hospitals. This will help address health human resources shortages, increased agency staffing costs, emergency department closures and other areas requiring stabilization.

These investments demonstrate Ontario's ongoing commitment to build a more connected and convenient health care system, prepared to face the challenges of today and tomorrow.

Expanding Hospice Services

The government is expanding palliative care services in local communities by adding up to 84 new adult beds and 12 pediatric beds, bringing the total to over 750. This will provide people with comfort and dignity closer to their communities and loved ones when they are nearing the end of life.

Connecting More People to Primary Care

While hospitals are core to Ontario's health care system, it can be more cost effective and convenient for people to receive care through their family doctors or primary care teams. This is why the government is making historic investments to enhance access to primary care with a goal that everyone who wants to have a primary care provider can connect to one. On February 1, 2024, Ontario announced an investment of \$110 million in 2024–25. Building on this, the government will provide a total investment of \$546 million over three years, starting in 2024–25. This funding will support connecting approximately 600,000 people to team-based primary care through new and expanded interprofessional care teams. This builds on the 2023 *Budget* commitment of an additional \$60 million in funding, bringing the total investment to \$606 million since 2023–24.

Interprofessional primary care teams connect people to a range of health professionals who work together, including doctors, nurse practitioners, registered and practical nurses, physiotherapists, social workers and dietitians, among others. Interprofessional primary care teams enhance the quality of patient care, improve health outcomes, and increase the efficiency of health service delivery by relieving pressures on emergency departments and walk-in clinics.

This investment will also provide support to all existing interprofessional primary care teams through ongoing operational funding for their facilities and supplies so that they continue to provide high-quality care to the people of Ontario. This will further ensure that interprofessional primary care teams can maintain effective direct service delivery to patients.

Funding for new and expanded teams will focus on high-need areas, bringing the government one step closer to connecting everyone in Ontario to primary care. Examples include:

- **Peterborough:** More than \$3 million in funding will allow the newly established Peterborough Community Health Centre to connect up to 11,375 people to team-based primary care.
- **Kingston:** More than \$4 million in funding will help up to 10,000 people connect to team-based primary care at the Periwinkle site.
- **North Dumfries:** More than \$1.9 million in funding to help up to 5,400 people connect to team-based primary care in a rural setting.
- **Simcoe Muskoka, Barrie and Orillia:** More than \$1.4 million to increase access to team-based primary care and mobile services for up to 1,200 people with a focus on Indigenous populations.
- **Niagara Region:** More than \$2.1 million to increase access to team-based primary care across the communities of Fort Erie, Port Colborne, Welland, Niagara Falls and St. Catharines.
- **Sault Ste. Marie and Area:** More than \$1.1 million to two organizations, Maamwesying North Shore Community Health Services Inc. and the Sault Community Health Centre, to help connect people to team-based primary care in Sault Ste. Marie and surrounding First Nation communities.



Investing in the Creation of a New Medical School With York University

The government is addressing the need for family physicians and improving the province's primary care capacity by expanding medical training and supporting York University in establishing a new medical school in Vaughan. This will be the first medical school in Canada primarily focused on training family doctors.

This investment builds on other existing medical education and training expansions within Ontario, including the establishment of a medical school at Toronto Metropolitan University. It will also help to alleviate pressures facing the health care system, attract and retain future doctors, enhance long-term community health outcomes and support research, training and technological innovation.

The York University School of Medicine will prepare the next generation of talented frontline primary care doctors, who represent the diversity of the communities in which they live and serve. It is part of this government's efforts to enhance access to primary care across the province for communities currently facing family doctor shortages, including the communities in York, Simcoe and Muskoka.

Strengthening the Health Care Workforce

Ontario is investing \$743 million over three years to continue to address immediate health care staffing needs, as well as to grow the workforce for years to come. This includes:

- **Making the Extern Program Permanent:** This program will offer up to 5,590 health care students training opportunities to work in hospitals and gain practical experience as they continue their education. Since 2021, over 7,300 health care students have participated in the program — creating much needed capacity in the system and a pool of new graduates who are more experienced and prepared to work as they begin their health care careers.
- **Making the Supervised Practice Experience Partnership Program Permanent:** This program will support up to 1,500 internationally educated nurses annually to become accredited nurses in Ontario. More than 3,600 nurses have participated in this program since its inception and over 2,700 internationally trained nurses are already fully registered and practising in Ontario.
- **Increasing Nursing Enrolment:** Ontario continues to expand nursing enrolment in colleges and universities to help address the need for nurses now and in the years to come. This is why Ontario is investing an additional \$128 million over the next three years to support the sustained enrolment increases of nursing spaces at publicly assisted colleges and universities by 2,000 registered nurse and 1,000 registered practical nurse seats. This expansion is part of the government's plan to address health human resource needs and support the growing demand for health care professionals in Ontario.

- **Merging the Clinical Scholar Program:** This program amalgamates the Late Career Nurse Initiative and the Clinical Preceptor Program that support experienced nurses to mentor and coach new graduates and internationally educated nurses, as well as nurses seeking to upskill.
- **Upskilling Nurses:** This program supports the upskilling of nursing students to be able to work in priority areas within a hospital, such as critical care.
- **Stabilizing Emergency Department Staffing:** This strategy provides critical investments to bolster and stabilize the emergency department nursing workforce.

Expanding Access to Allied Health Professions

Ontario is continuing to make significant investments to expand access to allied health care providers across the province, including by adding an additional 700 education seats for medical radiation and imaging technologists, medical laboratory technologists, medical lab technicians and medical radiation extenders. Ontario is also working with colleges to explore and pilot compressed programs for pharmacy technicians and medical radiation technologists so more qualified professionals can enter the workforce sooner.

Supporting Adoption of Innovative Health Care Technologies

Ontario is providing \$12 million to establish a new Health Technology Accelerator Fund to help health care service providers buy and use promising new technologies to improve patient care. This fund will provide innovators, including Ontario-based companies, more opportunities to partner with the health care system to promote early adoption and create the conditions for companies to grow in Ontario.

In collaboration with Supply Ontario, this fund would accelerate the review and adoption of promising new health innovations and bring them into the system faster for patients to benefit. Adopting Ontario technologies to solve some of the province's greatest health care challenges is a key pillar of Ontario's Life Sciences Strategy, *Taking Life Sciences to the Next Level*. As part of the forthcoming second phase of the government's Life Sciences Strategy, Ontario will leverage the fund to improve the adoption and uptake of Ontario-made technologies in clinical settings. This is another step forward as Ontario focuses on removing barriers to early adoption of new and innovative technologies.

Supporting Northern and Rural Health Care

The government is investing \$50 million over three years to enhance and stabilize health care capacity within Northern and rural communities. This investment will introduce long-term solutions encompassing education, recruitment, retention, scope of practice and care models to provide residents of Northern Ontario and those in remote areas with improved access to health care services. This funding will also support the expansion of existing rural generalist pathways for physicians and fund additional supports and upskilling for other health care workers.

The Northern and rural hospitals have exhibited remarkable resilience in the face of health system challenges, with these challenges disproportionately impacting patients who must travel extensive distances for medical care. In recognition of the critical role these hospitals play and to support the communities they serve, the government is expanding services to help prevent emergency department shutdowns.

Enhancing the Northern Health Travel Grant Program

The government is investing \$45 million over three years to enhance the Northern Health Travel Grant Program. This investment will help foster more equitable access to specialized care and diagnostic services for the residents of Northern Ontario. The program plays a vital role in mitigating the financial burden of medical-related travel for the people of Ontario in Northern communities. Residents of these communities who travel more than 100 kilometres to consult with medical professionals and receive care will be eligible for enhanced supports, including an additional \$75 per night accommodation allowance. This investment reaffirms the government's dedication to supporting equitable health care access for the people of Ontario.

Adding More Health Care Workers in Underserved Communities

The government remains committed to building a stronger, more resilient health care workforce in underserved communities in Northern, Eastern and Southwestern Ontario through the expanded Ontario Learn and Stay Grant. The grant provides full, upfront funding for tuition, books and other direct educational costs for students who enrol in an eligible nursing, paramedic or medical laboratory technologist program in return for working in the communities where they studied for a term of service after graduation.

Supported by over \$30 million in funding to date, there are currently about 3,800 students participating in the program across Ontario. In fact, thanks to the Ontario Learn and Stay Grant, there has been notable uptake in paramedic programs, with almost 40 per cent more students enrolling through the grant in 2023–24 than the previous year's enrolment in these programs.

Through this initiative, the government aims to deliver more connected health care across Ontario by addressing the increasing demand for nurses, paramedics and medical laboratory technologists while also responding to labour market needs in underserved communities.

Investing in Indigenous and Northern Community Supports

The government is committed to enhancing the health and well-being of Indigenous and Northern communities through several investments totalling approximately \$94 million over three years. These investments focus on culturally responsive and safe care tailored to the needs of these communities, such as public health, chronic disease prevention and maternal care, including:

- \$60 million over three years to maintain mental health and addictions services, including clinical supports, community mental health and well-being initiatives, and opioid programming.
- \$15 million over three years to support the ongoing delivery of Indigenous public health programs, including vaccination initiatives to improve health outcomes.
- \$11 million over three years to enhance early detection and management of foot complications arising from diabetes for Indigenous communities. Through prevention and earlier detection, this program aims to improve health outcomes for those living with diabetes and cardiovascular disease.
- \$8 million over three years to strengthen prevention initiatives in Indigenous communities, targeting diabetes, smoking and chronic diseases.

Supporting Women's and Children's Health

The government is taking action to ensure women and children are better able to access culturally responsive and safe care to strengthen the health of their families with investments of \$50 million over three years, including:

- \$24 million over three years to enhance access to the Indigenous Healthy Babies Healthy Children Program across 160 Indigenous delivery sites. The Indigenous Healthy Babies Healthy Children Program is a community-based initiative aimed at helping Indigenous families and children have a healthy start to life and laying a solid foundation for their future health, well-being and success.
- \$15 million over three years for Mobile Maternal Care. This innovative mobile clinic will offer a range of services, from prenatal to postnatal care, improving accessibility of maternal and newborn health care in remote communities.
- \$11 million over three years to support safer births in Northern Ontario. This funding is aimed at improving maternal and newborn health outcomes by providing mothers in Northern Indigenous communities with vital birthing supports, including more doulas, second attendants or birth helpers.

Connecting People to Mental Health Services

Building on the historic investment of \$3.8 billion over 10 years for mental health and addictions services as part of the *Roadmap to Wellness: A Plan to Build Ontario's Mental Health and Addictions System* strategy, the government is investing an additional \$396 million over three years. These investments support the stabilization, improved access and expansion of existing mental health and addictions services and programs.

As part of this investment, the government is providing \$124 million over three years to support the continuation of the Addictions Recovery Fund to ensure the people of Ontario continue to have access to enhanced specialized services for mental health and addictions treatment, including:

- Maintaining 383 addictions treatment beds for adults who need intensive supports, helping to stabilize and provide care for approximately 7,000 clients each year;
- Three Mobile Mental Health Clinics to provide a suite of mental health and addictions services to individuals living in remote, rural and underserved communities; and
- Three police-partnered Mobile Crisis Response Teams to support individuals in a mental health or addictions crisis.

The government is also providing ongoing support for the innovative Ontario Structured Psychotherapy Program to support those with anxiety and depression through cognitive behavioural therapy, providing the people of Ontario with high-quality mental health care no matter where they live in the province.

With these investments, the government is continuing to deliver on the *Roadmap to Wellness: A Plan to Build Ontario's Mental Health and Addictions System*, connecting those in need of mental health and addictions services to care.

Helping Young People Access Mental Health Services

In January 2024, the government unveiled the West Toronto Youth Wellness Hub, marking the opening of the eighth hub within the past year. Since 2020, Ontario has established 22 Youth Wellness Hubs, helping connect over 43,000 youth and their families to mental health and wellness services and accounting for over 168,000 visits. Reflecting the success of these Youth Wellness Hubs, Ontario plans to expand this network by adding five more hubs in Port Hope, Thunder Bay, Oxford County, Vaughan and Brampton, bringing the total number to 27.

In addition, the government is investing \$8.3 million over three years to add another five hubs. This expansion aims to connect more communities to youth mental health services, close to home, increasing the total number of hubs to 32.

Building and Expanding Hospitals to Improve Care

The government is building a convenient and connected health care system that puts people first. This is why Ontario is delivering on the most ambitious plan for hospital expansion in the province's history. Ontario's plan will lead to investments of nearly \$50 billion over the next 10 years in health infrastructure, including close to \$36 billion in capital grants. This includes supporting more than 50 hospital projects that would add approximately 3,000 new beds over 10 years to improve access to reliable quality care. Recent milestones include:

- **Grand River Hospital — MRI Expansion and Upgrade Project:** In October 2023, completed renovations and expansion of the MRI, nuclear medicine and imaging spaces to improve patient flow, safety and operational efficiency.
- **Health Access Thorncliffe Park — Thorncliffe Park Community Hub Project:** In October 2023, awarded the construction contract for the Thorncliffe Park Community Hub. This project will convert approximately 68,000 square feet at the East York Town Centre to an integrated and sustainable multi-service hub that offers primary health care, mental health services, maternal reproductive health care, and newborn, child and youth services. The project is targeted to be completed by August 2024.
- **Queensway Carleton Hospital — Phase 3B Mental Health Redevelopment:** In November 2023, completed renovations to increase acute mental health beds (to a total of 26 beds) and expand and improve space for inpatient and outpatient mental health programs.
- **Quinte Health — Prince Edward County Memorial Hospital Redevelopment Project:** In October 2023, moved forward to tender the redevelopment of the Prince Edward County Memorial Hospital with the addition of eight new beds, a 24/7 emergency department, diagnostic imaging and surgical suites, and ambulatory care.
- **Sault Area Hospital — Percutaneous Coronary Intervention (PCI) Project:** Opened in January 2024, the new program supports cardiac procedures in Sault Ste. Marie and Northern Ontario.
- **The Ottawa Hospital — Civic Campus Redevelopment Project:** In February 2024, signed a Development Agreement with The Ottawa Hospital Build Partners. Upon completion, the 641-bed hospital will have one of the most advanced trauma centres in Eastern Ontario to provide highly specialized emergency and trauma services to treat complex injuries and illness for patients.

- **University Health Network — Toronto Western Hospital New Patient Care Tower:** In January 2024, awarded the construction contract to build a new 15-storey tower at the Toronto Western Hospital site in downtown Toronto. The project would add 82 new acute care patient beds, 20 state-of-the-art operating rooms, new pre-operative and post-anaesthetic care units and a new pharmacy. The project is targeted to be completed by December 2027.
- **West Park Healthcare Centre Redevelopment Project:** In November 2023, substantially completed the construction of the new six-storey facility, which will provide increased capacity for inpatient care with up to 314 beds upon opening, as well as outpatient care and diagnostic and therapeutic services.
- **Waypoint Centre for Mental Health Care — Additional Acute Mental Health Inpatient Beds Project:** In December 2023, announced the project to renovate over 10,000 square feet of existing space to add 20 additional acute mental health beds to the facility. Once complete, the new acute mental health inpatient unit will connect more people and their families to a range of services, including psychiatry, psychology, occupational and recreation therapy, and addictions counselling.
- **New Windsor-Essex Regional Hospital:** The project will support a new state-of-the-art acute care hospital in Windsor and Essex County to add more hospital beds and expand services in the region with procurement expected to begin in 2025.

Investing in Small Hospitals and Community Infrastructure

In addition to building hospitals, the government is committing an additional \$620 million over 10 years for the Health Infrastructure Renewal Fund and the Community Infrastructure Renewal Fund. This funding will allow health care system partners to address urgent infrastructure renewal needs such as upgrades or replacements of roofs, windows, security systems, fire alarms and back-up generators. These investments will ensure funds are available for much-needed equipment upgrades, building repairs, and to extend the life of hospital and community infrastructure.

The government is also committing an additional \$500 million over 10 years for small hospital projects and community health programs. These smaller hospital and community projects can create much needed capacity in the short term. Community health programs also help to prevent hospital visits that put pressure on emergency departments as well as hospital admissions.

Building Long-Term Care Homes

Ontario continues to make progress on its plan to build modern, safe and comfortable long-term care homes for seniors and residents. Through planned investments that total a historic \$6.4 billion since 2019, Ontario is making progress to build 58,000 new and upgraded beds across the province by 2028.

Increasing the Construction Funding Subsidy

The government is investing \$155 million in 2024–25 to increase the construction funding subsidy, to support the cost of developing or redeveloping a long-term care home. This additional investment will fast-track construction for the next tranche of beds so that work can begin by November 30, 2024. Eligible projects will receive an additional construction funding subsidy of up to \$35 per bed, per day, for 25 years. In addition, eligible not-for-profit applicants will be able to convert up to \$15 per bed, per day, of the supplemental funding into a construction grant payable at the start of construction, to increase projects' upfront equity and enable applicants to secure financing.

The government first provided a supplemental increase to the construction funding subsidy in November 2022 to stimulate the start of construction for long-term care homes across Ontario. Since introducing the supplemental increase, Ontario advanced construction for over 60 long-term care homes and over 10,000 beds between April 1, 2022, and August 31, 2023.

Making Progress to Build Long-Term Care Homes

Through the Accelerated Build Pilot Program, four new long-term care homes have been built on hospital-owned lands. These homes have created 1,272 new long-term care beds and are helping to meet urgent needs for more long-term care homes in Mississauga, Ajax and Toronto.

The government continues to make progress towards its commitment of building 58,000 new and upgraded beds to modern design standards across the province by 2028 with over 18,000 beds that are either open, under construction, or have approval to start construction. This includes:

- Over 4,500 beds open with new capacity of 2,246 beds and 2,336 upgraded beds;
- Over 12,500 beds under construction with 6,745 new beds and 5,789 upgraded beds; and
- Approximately 1,200 beds that have governmental approvals to start construction.

In response to higher costs in the sector, the government is increasing operating funding to help support the financial stability of new and existing long-term care homes.

The Loan Guarantee Program also continues to be available to support financing of the development of long-term care beds in non-municipal, not-for-profit projects.

Since the *2023 Ontario Economic Outlook and Fiscal Review*, the following long-term care homes have been completed and opened to new residents:

- **Wellbrook East and Wellbrook West**, two new state-of-the-art long-term care homes, opened in November 2023, with 632 new long-term care beds in Mississauga, developed under the Ontario Accelerated Build Pilot Program; and
- **Woodland Villa** opened in December 2023 with 17 new long-term care beds and 111 upgraded long-term care beds in Long Sault.

Adding More Specialized Long-Term Care Beds

The government is investing an additional \$46 million over three years, starting in 2024–25, to support the continued operation of 59 Behavioural Specialized Unit (BSU) beds added in 2023–24, and to add more than 200 net new BSU beds to expand care for individuals with complex needs. Behavioural Specialized Units provide timely and appropriate support for individuals with responsive behaviours requiring increased levels of care. The government continues to provide connected and convenient health care for the people of Ontario by providing the right care in the right place.

Getting Back to Basics in Education

Ontario is supporting a back to basics learning strategy by building foundational skills in reading, writing and math. Students have benefited from a new math curriculum focused on financial literacy and coding, as well as the overhauled language curriculum that brings back phonics and cursive writing. Recent Education Quality and Accountability Office (EQAO) assessment results show encouraging progress, which demonstrates the importance of students learning in the classroom without disruption and with targeted supports focused on literacy and math.

The government will continue existing supports through the back to basics learning strategy, including:

- An investment of \$15 million for the 2024–25 school year for digital math tools that will continue to provide anytime access to learning opportunities at home and in the classroom, as part of total funding of about \$72 million in math supports. As part of these math supports, the government also continues to support one-on-one French-language online tutoring through Eurêka!;

- An investment of \$65 million for the 2024–25 school year for dedicated educators working in small groups or individually with students in kindergarten to Grade 3. This brings total funding to about \$100 million for reading supports for the 2024–25 school year; and
- An updated kindergarten curriculum, starting in September 2025, which will introduce learning through clear and direct instruction in reading, writing and math for kindergarten students. Combined with hands-on and play-based learning, the changes will help ensure students entering Grade 1 have the foundational skills needed for long-term success.

Enhancing School Safety

Ontario is investing \$30 million over three years to help equip schools with security cameras, lighting and other security upgrades, including vape detectors. Ontario is also enhancing student safety by including learning on privacy and online safety in elementary and secondary curriculum. Together, these measures are part of this government's ongoing commitment to promote student well-being and to help keep students, staff and schools safe.

Supporting Students with Special Education Needs

Ontario is committed to providing all students with the opportunity to succeed in school and life, including students with disabilities and special education needs. This is why the government is investing \$18 million in the 2024–25 school year to help the most vulnerable students.

This includes \$8 million to introduce dedicated resources to help students with special education needs navigate the school system and beyond, as well as \$10 million for increased in-class supports for students with the highest level of need.



Supporting the Ontario Autism Program

The government is increasing its investment in the Ontario Autism Program by \$120 million in 2024–25, which is double the increase provided in 2023–24. This increased funding will support the government’s commitment to enrol 20,000 children and youth in core clinical services. The Ontario Autism Program provides children and youth with access to supports such as applied behaviour analysis therapy, speech-language pathology, occupational therapy, mental health services and equipment.

Building Schools and Child Care Spaces

The government is committed to building modern schools by investing \$23 billion, including approximately \$16 billion in capital grants over 10 years, to build, expand and renew schools and child care spaces across Ontario. Since 2018, the government has supported nearly 300 school or child care-related projects, of which more than 100 are actively under construction. This includes \$1.4 billion for the current school year to support the repair and renewal needs of schools.

Table 1.3

School Projects Opening in the 2023–24 School Year

Northern

- Maple View Public School in **North Bay**, which serves 308 students and includes 73 licensed child care spaces.
- Lasalle Elementary School in **Sudbury**, which serves 387 students and includes 49 licensed child care spaces.
- École élémentaire publique de Thunder Bay in **Thunder Bay**, which serves 257 French-language students.

Southwestern

- An addition to Peace Bridge Public School in **Fort Erie** with 230 more student spaces.
- An addition to St. Anthony's Catholic School in **Kincardine** with 190 more student spaces and 78 more licensed child care spaces.
- St. Josephine Bakhita Catholic Elementary School in **Kitchener**, which serves 650 students and includes 88 licensed child care spaces.
- West Niagara Secondary School in **Lincoln**, which serves 1,533 students.
- An addition to Hyland Heights Elementary School in **Shelburne** with 92 more student spaces.
- An addition to Sacred Heart Catholic School in **Port Lambton** with 46 more student spaces and 49 more licensed child care spaces.
- Eastview Horizon Public School in **Windsor**, which serves 501 students and includes 73 licensed child care spaces.

Eastern

- École élémentaire catholique des Deux-Rivières in **Arnprior**, which serves 248 French-language students and includes 49 licensed child care spaces.
- An addition to Westminster Public School in **Brockville** with 25 more licensed child care spaces.
- An addition to St. Joseph Catholic Elementary School in **Douro-Dummer** with 92 more student spaces.
- École secondaire publique Mille-Îles and École secondaire catholique Sainte-Marie-Rivier joint school in **Kingston**, which serves 600 French-language students and includes 49 licensed child care spaces.
- St. Bernadette Catholic Elementary School in **Stittsville**, which serves 507 students and includes 39 licensed child care spaces.
- An addition to Williamstown Public School in **Williamstown** with 121 more student spaces.

Central

- An addition to École secondaire Jeunes sans frontières in **Brampton** with 207 more French-language student spaces.
- E.J. Sand Public School in **Markham**, which serves 409 students and includes 39 licensed child care spaces.
- An addition to St. Anne Catholic School in **Oshawa**, with 184 more elementary student spaces.
- Glen Orchard Public School retrofit in **Port Carling**, which includes 54 licensed child care spaces.
- École secondaire Michelle-O'Bonsawin retrofit in **Toronto**, which serves 501 French-language students.
- An addition to Terry Fox Public School in **Toronto**, with 276 more student spaces and 88 more licensed child care spaces.
- Regina Mundi Catholic School retrofit in **Toronto**, which serves 450 students and includes 88 child care spaces.

Source: Ontario Ministry of Education.

Table 1.4
Continuing to Get Shovels in the Ground to Build More Schools

Northern	Eastern
• A new joint French and English public elementary and secondary school in Blind River, which will serve 72 French-language students, 381 English language students and include 64 licensed child care spaces. • A new English public elementary and secondary school in Rainy River, which will serve 311 students and include 39 licensed child care spaces. • An addition to Tarentorus Public School in Sault Ste. Marie, which will add 92 student spaces and 49 licensed child care spaces.	• A new French public elementary school in Barrhaven, which will serve 475 students and include 49 licensed child care spaces. • An addition to St. Joseph Catholic School in Belleville, which will add 334 student spaces and 49 licensed child care spaces. • A new English public elementary school in Brockville, which will serve 500 students and include 64 licensed child care spaces. • A new English Catholic School in Kingston, which will serve 481 students and include 73 licensed child care spaces. • An addition to Collège catholique Mer Bleue in Orleans, which will add 343 student spaces. • A new English public secondary school in Ottawa, which will serve 1,516 students and include 39 licensed child care spaces. • A new English public secondary school in Ottawa, which will serve 1,353 students. • A new French public school in Ottawa, which will serve 475 students and include 49 licensed child care spaces. • An addition to École secondaire catholique Paul-Desmarais in Stittsville, which will add 389 student spaces.

Source: Ontario Ministry of Education.

continued...

Table 1.4

Continuing to Get Shovels in the Ground to Build More Schools (continued)

Southwestern	Central
• A new English public elementary and secondary school in Kingsville, which will serve 1,798 students and include 98 licensed child care spaces. • A new English Catholic elementary school in Kitchener, which will serve 527 students and include 88 licensed child care spaces. • An addition to St. Louis Catholic Elementary School in Leamington, which will add 147 student spaces and 63 licensed child care spaces. • An addition to Listowel Eastdale Public School in Listowel, which will add 98 student spaces and 49 licensed child care spaces. • A new English public elementary school in London, which will serve 804 students and include 88 licensed child care spaces. • A new English Catholic elementary school in Sarnia, which will serve 659 students and include 88 licensed child care spaces. • A new English Catholic elementary school in Stoney Creek, which will serve 590 students and include 49 licensed child care spaces. • An addition to St. Anne's Catholic School in St. Thomas, which will add 210 student spaces. • A new English public elementary school in Windsor, which will serve 651 students and include 73 licensed child care spaces.	• A new English public elementary school in Brampton, which will serve 850 students and include 73 licensed child care spaces. • A new English public elementary school in East Gwillimbury, which will serve 638 students and include 39 licensed child care spaces. • A new English public elementary school in Bowmanville, which will serve 786 students and include 73 licensed child care spaces. • A new English public elementary school in Beaverton, which will serve 418 students and include 49 licensed child care spaces. • A new Catholic elementary school in Milton, which will serve 671 students and include 88 licensed child care spaces. • A new English public elementary school in Oro-Medonte, which will serve 570 students. • An addition to École élémentaire catholique Saint-Michel in Scarborough, which will add 92 student spaces. • A new Catholic secondary school in Toronto, which will serve 1,300 students. • A new English public secondary school in Toronto, which will serve 922 students. • A new French Catholic secondary school in Vaughan, which will serve 407 students and include 49 licensed child care spaces.

Source: Ontario Ministry of Education.

Supporting Efficiency, Transparency and Accountability in the Postsecondary Education Sector

The provincial government is helping to stabilize Ontario's colleges and universities, with nearly \$1.3 billion in new funding, while maintaining the tuition fee freeze to keep costs down for Ontario students and parents. Ontario is focused on supporting the postsecondary education sector in delivering high-quality educational experiences in an efficient, accountable and transparent manner. To help achieve this, Ontario will provide \$15 million over the next three years to implement an Efficiency and Accountability Fund.

This fund will support third-party reviews to identify actions that institutions can take to drive long-term cost savings and positive outcomes for students and communities. These reviews will target structural issues as well as operational policies in order to improve sustainability and student experiences. This Efficiency and Accountability Fund is part of Ontario's plan to help build a financially viable postsecondary sector that supports student success.

Ontario is also committed to supporting access to affordable postsecondary education. This is why the government is also extending the tuition fee freeze at publicly assisted colleges and universities for at least three more years, helping to keep costs down for Ontario students and parents.

Supporting the Financial Sustainability of Ontario's Postsecondary Sector

Ontario understands the importance of stabilizing the postsecondary education sector to ensure the continued delivery of high-quality educational experiences for students. This is why the government is investing \$903 million over three years, starting in 2024–25, to create a Postsecondary Education Sustainability Fund. This investment will include a sector-wide increase to operating grants that will help provide financial stability and predictability for Ontario's postsecondary institutions, while not raising tuition for Ontario students. This includes \$203 million in targeted supports for the financial sustainability of publicly assisted colleges and universities with the greatest financial need.

Through the Postsecondary Education Sustainability Fund, the government will support the continued stability of the postsecondary education system in a responsible way, while building an even stronger foundation for future generations.

Strengthening Accountability and Student Supports

To increase transparency on ancillary fees and other student costs, while also supporting student mental health and keeping campuses safe and inclusive, the government introduced the Strengthening Accountability and Student Supports Act, 2024 on February 26, 2024. If passed, it would authorize the Minister of Colleges and Universities to issue directives requiring colleges and universities to provide information about ancillary fees and other student costs, including for textbooks. This would help students and their families understand the full cost of the courses they are selecting.

If passed, the Strengthening Accountability and Student Supports Act, 2024 would also require colleges and universities to have mental health policies in place that should include clear and transparent information about programs and supports available to students, along with policies to address racism and hate, including but not limited to antisemitism and Islamophobia.

Supporting Science, Technology, Engineering and Mathematics in Postsecondary Education

To be responsive to increasing labour market demands for workers in sectors related to Science, Technology, Engineering and Mathematics (STEM), the government has provided one-time funding of \$100 million in 2023–24 to support STEM program costs at publicly assisted colleges and universities with enrolments above their funded levels.

Supporting Small, Northern and Rural Postsecondary Institutions

To ensure that small, Northern and rural colleges and Northern universities can provide students with competitive choices for local postsecondary education, the government is providing an additional \$10 million in funding through the Small, Northern and Rural Grant for colleges and the Northern Ontario Grant for universities in 2024–25. The funding is intended to provide targeted support to eligible institutions that are financially vulnerable, while the government works with them on efficiency initiatives.

Supporting Ontario's Francophone Community

The government is committed to improving access to services in French across Ontario and enhancing the vitality of Franco-Ontarian communities. The provincial government is working with the federal government to renew the Canada–Ontario Agreement on Minority-Language Services and would further invest close to \$10 million over three years to expand the delivery of quality French-language services. This would support the development of bilingual training programs, improve the economic opportunity of Francophone businesses and enhance French-language supports in communities across Ontario.

Reducing Red Tape

Since 2018, Ontario has taken over 500 actions to reduce regulatory burdens — all without compromising health and safety in the population, or the environment.

These changes have helped to open doors to new economic opportunities and reduce unnecessary burdens for individuals and businesses, saving \$939 million in gross annual compliance costs that would have otherwise been incurred by businesses, not-for-profit organizations and the broader public sector. Ontario's Fall 2023 Red Tape Reduction package alone is estimated to save people and businesses over 100,000 hours of time each year.

The government reports on the progress to reduce red tape in the annual Burden Reduction Report. The *2023 Burden Reduction Report: Delivering Better Services and a Stronger Economy* highlights how the government is reducing burdens and costs for people and businesses in Ontario, including:

- Creating new ways for individuals to receive medical care in their community;
- Making the online process easier for the application, replacement and renewal of accessible parking permits;
- Upgrading the ServiceOntario appointment booking system to book multiple services in a single appointment or a single appointment for the whole family;
- Streamlining housing development approvals; and
- Helping municipalities better manage restrictions on roads (load periods), including shortening their duration when conditions permit, to support lower costs and better delivery times for the trucking and agri-businesses industry.

These accomplishments are part of Ontario's efforts to save time and costs for people and businesses.

Strengthening Provincial Agencies

Ontario's 156 provincial agencies deliver important public services to individuals, families and businesses across Ontario — services such as managing home care, protecting drinking water and Ontario's food supply, and ensuring the province's energy infrastructure is reliable and sustainable. Provincial agencies such as Supply Ontario and the Building Ontario Fund are transforming how the government buys goods and services, as well as funds vital infrastructure projects.

This is why the government is strengthening oversight of provincial agencies to ensure that public services are modernized and accountable. The government is introducing new measures and reporting requirements to ensure provincial agencies are efficient, sustainable and accountable while also being nimble to meet the demands of the public they serve. This includes supporting improved service delivery, protecting data and privacy, and aligning agency business strategies with government priorities such as the Community Jobs Initiative announced in the *2022 Budget*.

In this way, the government is ensuring the public services that the people of Ontario rely upon are delivered in an effective way for years to come.

Expanding Protected Areas and Provincial Green Spaces

The people of Ontario are passionate about the great outdoors and the natural spaces that communities offer.

Providing More Opportunities to Enjoy Ontario Parks

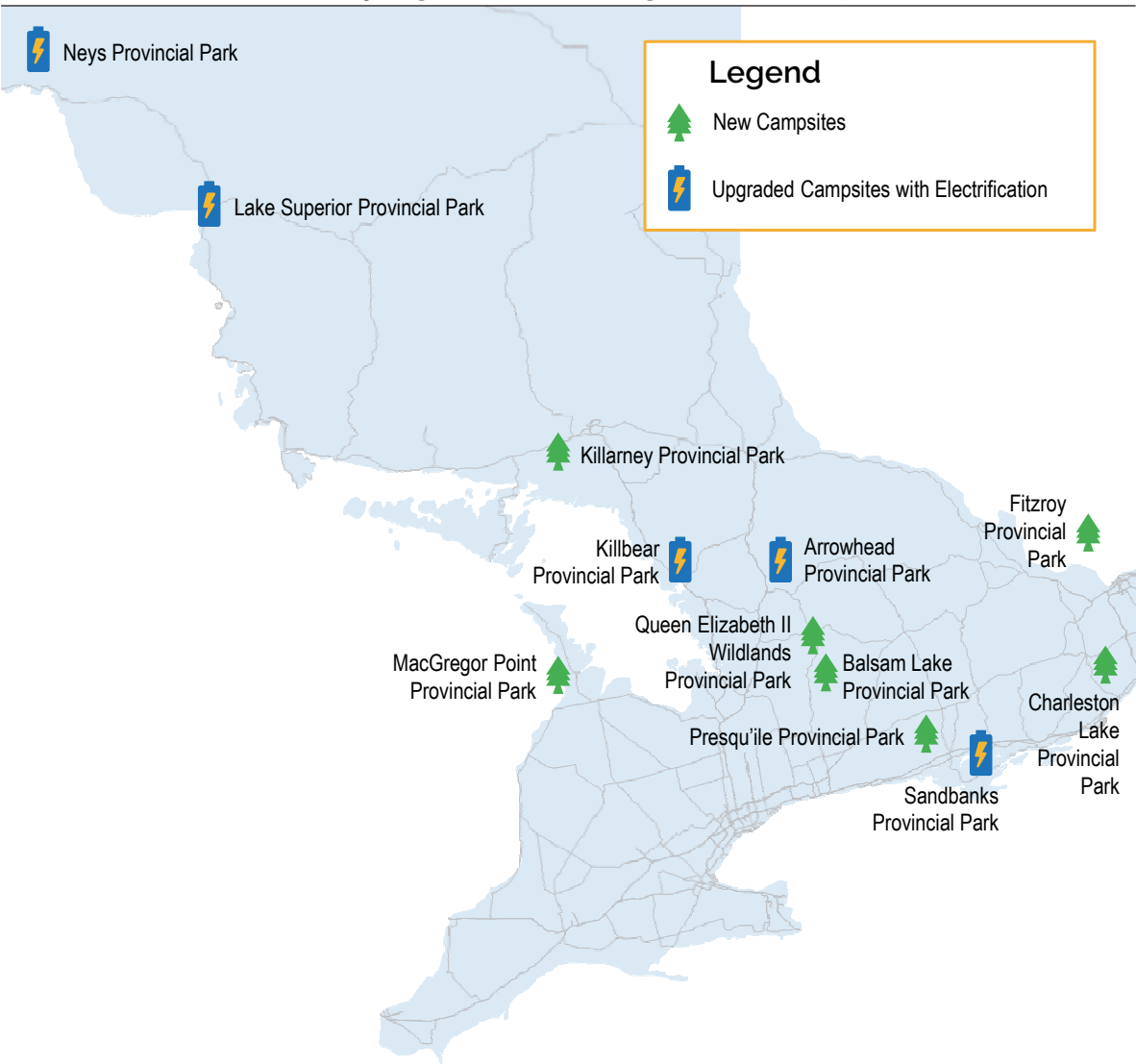
Ontario is building stronger and healthier communities by expanding recreational opportunities for families to enjoy. This is why the government is actively taking steps to open the first new, all-season, operating provincial park in 40 years. The Bigwind Lake Provincial Park, located near the Town of Bracebridge, will offer facilities and recreational activities including swimming, hiking, cross-country skiing, and add around 250 new campsites to the Ontario Parks system.

The government is also creating the province's first urban provincial park in the Township of Uxbridge, which will serve as a year-round day-use provincial park and support Ontario's progress on its commitment to provide families with more outdoor recreational opportunities while conserving and protecting areas of natural and scientific interest. A survey was conducted in summer 2023 to seek public input on the programming and activities that could be enjoyed in the proposed park. The government will also explore further opportunities for partnerships for additional urban parks for the people of Ontario.

Improving and Expanding Ontario Parks

Furthermore, the government is enhancing recreational opportunities for the people of Ontario by also implementing a number of other initiatives, including bringing electrical services to over 800 campsites and creating approximately 300 new campsites across several provincial parks.

Chart 1.7
Ontario Parks Electrifying and Creating New Campsites



Source: Ontario Ministry of the Environment, Conservation and Parks.

Strengthening Conservation Partnerships

Spending time in nature and green spaces has a positive impact on a person's health and well-being. The government is committed to continuing to work with partners and conservation leaders to preserve more areas of significant ecological importance, protect natural areas and promote the importance of healthy, natural spaces. The government is continuing the Greenlands Conservation Partnership program by investing an additional \$20 million over four years. The investment will allow conservation partners to raise matching private-sector contributions to secure new, privately owned natural areas, such as wetlands, grasslands and forests, as well as ensure they are protected and managed for the future.

Protecting Ontario Lakes

Protecting Ontario's lakes is a key commitment in the government's plan to help ensure a safe, healthy and clean environment now and for future generations. The Holland Marsh area produces more carrots, celery, onions, lettuce and greens than any other single region across Canada. The government is supporting farmers to implement technologies and food washing processes that reduce the amount of phosphorus in the water that flows into Lake Simcoe.

The government is continuing to protect and restore the Great Lakes through annual investments of \$6.4 million to support innovative projects. These projects are led by community-based organizations, small businesses, municipalities, conservation authorities and Indigenous communities, which focus on protecting and restoring coastal, shoreline and nearshore areas of the Great Lakes and connecting rivers and streams.

Ontario is also investing over \$24 million towards the innovative Lake Simcoe Phosphorus Reduction Strategy for a new phosphorus recycling project to help reduce phosphorus discharges from the Holland River into Lake Simcoe.



Protecting You and Your Family

Fighting Criminals With New Air Support

Violent crime within the Greater Toronto Area (GTA) has been increasing in volume, scope and complexity in recent years. To address this challenge, the government is investing \$46 million over three years to support patrol and improve response times to major incidents and serious crimes, including the purchase of four helicopters.

These additional resources will help protect communities by:

- Keeping highways and roadways safe from street racing, impaired driving, violent carjacking and automobile theft;
- Locating missing persons, including children, the elderly and vulnerable people;
- Apprehending high-risk suspects, including perpetrators of violent crime; and
- Supporting marine units and enhancing search and rescue capacity.

Public safety is a top priority for this government. This initiative builds on the government's ongoing commitment to enhance public safety in Ontario by continuing to help ensure that police services have the resources they need to respond to major incidents and urgent situations.

Fighting Auto Theft

Auto theft is a serious and growing problem impacting jurisdictions across Canada, especially Ontario. To combat auto theft, the government is collaborating with municipalities and the federal government, providing funding to police services and raising public awareness of auto theft prevention measures.

The government's plan includes \$49 million over three years to help police put those responsible for auto thefts behind bars. These investments support the Ontario Provincial Police (OPP) Organized Crime Towing and Auto Theft Team, which is working with municipal police services to identify, disrupt and dismantle organized crime networks participating in vehicle theft. In addition, Ontario's Major Auto Theft Prosecution Response Team provides dedicated support to the OPP to prepare and prosecute complex cases, ensuring that offenders are held accountable.

This funding also continues support for the Greater Toronto Area-Greater Golden Horseshoe Investigative Fund, which was created to help stop the illegal export of stolen vehicles and target violent crime linked to criminal organizations.

Ontario is also continuing prevention and public awareness initiatives to combat auto theft. The Preventing Auto Thefts Grant provides funding to police services for projects that feature new and enhanced crime-fighting measures focused on prevention, detection, analysis and enforcement. In addition, the Financial Services Regulatory Authority of Ontario (FSRA) will be launching an anti-auto-theft campaign that focuses on consumer awareness and auto theft prevention.

The government is combatting auto theft by helping to prevent thefts before they happen, targeting organized crime networks, and ensuring that those responsible are brought to justice to keep people and communities safe.

Increasing Public Safety in Communities

Ontario continues to advocate for the federal government to amend the Criminal Code and implement tougher penalties for individuals who commit violent crime and car thefts. The federal government has signaled its willingness to work with all provinces and territories to identify and implement concrete, collaborative and innovative solutions. Ontario will continue to be a partner in this work and looks forward to effective changes being made.

The government is also investing in correctional and courthouse facilities to improve safety and security in aging institutions, make efficient use of space and modernize technology. Investments in new courthouses help to provide access to justice in growing communities, such as the recently completed expansion of the Brampton courthouse in Peel Region. This is another way that the government is showing its commitment to justice and public safety for the people of Ontario.

Protecting the Health and Safety of Firefighters

The government is committed to keeping communities safe and supporting the province's firefighters. Firefighters are more likely to experience health problems because of exposure to hazardous chemicals. To keep first responders and Ontario's communities safe, fire departments need resources to ensure they have the right infrastructure and protective equipment.

This is why the government is investing \$30 million over the next three years to launch the Fire Protection Grant. This application-based grant will provide municipal fire departments, including those in small and rural communities, with funding for personal protective equipment and specialized decontamination tools to clean and sanitize firefighter gear and mitigate the long-term effects of exposure to chemicals and other fire-related contaminants.

The Fire Protection Grant will support departments by ensuring they have the right infrastructure and protective equipment to respond to local needs and that they may do so safely and more effectively.

Improving Response Times for First Responders

The government will continue working to enable seamless communication between fire and paramedic dispatch systems across the province. This technology will enable municipalities with tiered response agreements to implement simultaneous notification between their fire and paramedic services. This will facilitate faster response times, drive better patient outcomes and enhance Ontario's public safety response model for the people of this province.

The government is working to ensure that simultaneous notification between fire and paramedic services is operational in the near future in Halton Region, while working on provincial implementation.

Strengthening Emergency Preparedness to Keep People Safe

The government has invested \$5 million to ensure communities across the province have the resources and equipment they need to prepare for natural disasters and emergencies. The funding will help communities and organizations purchase critical supplies and equipment and deliver training and services to improve local emergency preparation and response. This commitment highlights the government's proactive approach to enhancing community resilience and safety across Ontario.

Preventing Gender-Based Violence

The government is taking action to help end gender-based violence. Building on existing investments of \$1.4 billion over four years, the government is providing an additional \$13.5 million over three years to enhance initiatives that support women, children, youth and others who are at increased risk of violence or exploitation — such as Indigenous and racialized communities, and children and youth in the child welfare system. These initiatives include:

- \$6 million over three years to support the Children at Risk of Exploitation (CARE) Unit in Kenora District with increased access to trauma-informed specialized supports for children and youth who have been sex trafficked;
- \$4.5 million over three years in additional funding for the Victim Quick Response Program+ to increase access to basic necessities for victims of human trafficking and gender-based violence and their families, especially those in Northern, rural and remote communities;
- \$2.5 million over three years in additional funding to increase outreach to children and youth with involvement in the child welfare system and link them with resource and educational supports; and
- \$0.5 million in 2024–25 to increase training for workers in the child welfare sector to help them respond to human trafficking and identify at-risk children and youth.

This funding will support the government's commitments under the Anti-Human Trafficking Strategy to protect children and youth, build safer and healthier communities, and support women's well-being.

Supporting Victims and Survivors of Sexual Assault and Domestic Violence

The government is also investing \$27 million over three years to enhance sexual assault and domestic violence services across the province to help victims and survivors receive compassionate and professional support directly within hospital settings.

Ontario is home to a network of 37 Sexual Assault/Domestic Violence Treatment Centres that are dedicated to delivering comprehensive, trauma-informed care and treatment to individuals impacted by sexual and domestic violence. This investment will provide the treatment centres with additional clinical resources and extend the reach of sexual and domestic violence services to hospitals currently not in the network. It will also support the expansion of the Provincial Sexual Assault/Domestic Violence Navigation Line to provide 24/7 care for victims and survivors.

In addition, Ontario is investing \$6.4 million over three years to support the Independent Legal Advice for Survivors of Sexual Assault program, and sustain and expand the Child Victim Witness Support Program. These programs provide legal support for survivors of sexual assault and for children who are victims or witnesses of crime. Participation in these programs allows recipients to better understand the criminal court process and make informed decisions about their legal options, including reporting the incident and holding the offenders to account after experiencing sexual assault.

Through these measures, the government is dedicated to building a stronger, more accessible network of support for survivors of sexual and domestic violence across Ontario, ensuring that every individual has access to care and support when they need it.

Combatting the Illegal Cannabis Market

Since the legalization of cannabis in 2018, Ontario has moved forward with rules to keep cannabis out of the hands of children and youth and keep roads safe. The government is committed to combatting the illegal cannabis market to ensure the integrity of the regulated private retail model and address the significant health risks associated with illegal cannabis products that do not meet government safety standards.

This is why the government is investing \$31 million over the next three years to support the Provincial Joint Forces Cannabis Enforcement Teams (PJFCET). The PJFCET is an OPP-led centralized enforcement unit that has a proven track record in enforcement operations against illegal cannabis storefronts. This investment would enable the PJFCET to respond to the challenge of illegal online operators and crack down further on the production, sale and distribution of illegal cannabis in the online and offline space.

Modernizing and Enhancing Tobacco Tax Oversight

The *2023 Budget* committed to proceed with a review to modernize the *Tobacco Tax Act*. The government is now proposing changes that would strengthen oversight and reduce burden on registrants. The government remains committed to addressing contraband tobacco and recognizes that it is a persistent challenge in Ontario.

To better address this issue, the government is proposing to strengthen fines in the *Tobacco Tax Act* to help tackle contraband tobacco while also providing the Ontario Ministry of Finance with the tools to be a modern regulator. Continued support to the OPP Contraband Tobacco Enforcement Team will help disrupt the links between organized crime and contraband tobacco.

Better administration can occur when government uses its resources more effectively. In the case of tobacco, the Ontario Ministry of Finance and the Ministry of Health will begin partnering in 2024 on an initiative to cross designate inspectors to seize certain tobacco products in contravention of both the *Tobacco Tax Act* and the *Smoke-Free Ontario Act, 2017*. This will allow inspectors to take a coordinated approach, to help address unregulated tobacco while also meeting the requirements under the *Smoke-Free Ontario Act, 2017*.

The government is committed to making it easier to comply with administrative requirements. For instance, beginning in July 2024, it is proposing to move the monthly filing deadline for tobacco tax registrants from the tenth to the twenty-eighth of each month to allow registrants more time to file and to align with other tax filing deadlines that registrants must also comply with. The Ontario Ministry of Finance is also working towards improving the overall online experience for registrants, making the filing process easier and more efficient.

Moving forward, the review will continue to engage with stakeholders and First Nations partners to identify additional opportunities to modernize the Act, strengthen oversight and align the legislation to the changing tobacco marketplace.

Modernizing Financial Services and Capital Markets to Protect Consumers

Supporting Ontario Credit Unions' Access to Emergency Lending Assistance

Ontario's credit unions and caisses populaires play an important role in extending financial services to people and businesses in urban and rural communities across the province. Ontario credit unions manage assets of about \$95 billion, employ about 9,000 staff and serve approximately 1.8 million members through almost 550 locations. To support their ability to compete and help ensure broader market stability, it is important to enable direct access to the Bank of Canada's emergency liquidity facilities for Ontario credit unions. The provincial government is encouraged by the proposal in the federal *2023 Fall Economic Statement* to amend the *Canadian Payments Act*, which would allow eligible provincially regulated credit unions direct access to the Bank of Canada's Standing Term Liquidity Facility and its Emergency Lending Assistance, and looks forward to ongoing collaboration as changes are being implemented.

Protecting Investors and Enhancing Enforcement in Capital Markets

The government supports the ongoing work of the Ontario Securities Commission (OSC) to modernize the dispute resolution framework available to Ontario investors and remains committed to a modernized capital markets framework that protects investors. This is why the OSC is working to develop rules governing the distribution of disgorged funds to harmed investors. Furthermore, the recently enhanced protections for whistleblowers are intended to encourage individuals to come forward to report misconduct. These measures support enforcement efforts and help increase investor confidence in Ontario's capital markets.



Chapter 2

Economic Performance and Outlook

Introduction

Ontario's economy performed better than expected in 2023, despite economic headwinds prompted by elevated consumer price inflation and high interest rates. Ontario's labour market performed strongly in 2023 and the unemployment rate remained low. This builds on record job growth since 2021.

However, the economic outlook has deteriorated compared to the *2023 Budget* with significantly lower growth projected in 2024, and slightly lower growth in 2025 and 2026. Job growth is also projected to be lower in 2024 as a result.

High interest rates are expected to continue impacting Ontario's economy in 2024, with real gross domestic product (GDP) growth projected to slow from an estimated 1.2 per cent in 2023 to 0.3 per cent in 2024. Real GDP growth is projected to accelerate to 1.9 per cent in 2025, and 2.2 per cent in 2026 and 2027. For the purposes of prudent fiscal planning, these projections are slightly below the average of private-sector forecasts.

Table 2.1

Summary of Ontario's Economic Outlook

(Per Cent)

	2022	2023	2024p	2025p	2026p	2027p
Real GDP Growth	3.9	1.2e	0.3	1.9	2.2	2.2
Nominal GDP Growth	9.2	4.1e	2.7	3.9	4.3	4.1
Employment Growth	4.6	2.4	0.8	1.7	1.4	1.4
CPI Inflation	6.8	3.8	2.6	2.0	2.0	2.0

e = estimate.

p = Ontario Ministry of Finance planning projection based on external sources as of January 25, 2024.

Sources: Statistics Canada and Ontario Ministry of Finance.

Revisions to the Outlook Since the *2023 Budget*

Ontario's real GDP grew by an estimated 1.2 per cent in 2023, stronger than the projection in the *2023 Budget*, and nominal GDP growth is estimated at 4.1 per cent, higher than the 2.8 per cent *2023 Budget* projection.

The outlook has been revised compared to the projections in the *2023 Budget*. Key changes since the *2023 Budget* include the following:

- Stronger estimated real and nominal GDP growth in 2023, accompanied by significantly stronger job creation and a lower unemployment rate;
- Slower real and nominal GDP growth between 2024 and 2026, with the most pronounced deterioration in 2024;
- Weaker net operating surplus of corporations growth over the forecast period; and
- Stronger housing starts throughout the forecast period. See the Housing Supply Progress section later in this Chapter for further details on the latest information for 2023.

Table 2.2

Changes in the Ontario Ministry of Finance Key Economic Forecast Assumptions: 2023 Budget Compared to the 2024 Budget

(Per Cent Change)

	2023		2024p		2025p		2026p	
	2023 Budget	2024 Budget	2023 Budget	2024 Budget	2023 Budget	2024 Budget	2023 Budget	2024 Budget
Real Gross Domestic Product	0.2	1.2e	1.3	0.3	2.5	1.9	2.4	2.2
Nominal Gross Domestic Product	2.8	4.1e	3.6	2.7	4.6	3.9	4.5	4.3
Compensation of Employees	5.1	6.7e	4.2	4.3	4.5	4.4	4.2	4.1
Net Operating Surplus — Corporations	(8.2)	(12.6)e	(0.5)	(4.7)	9.2	3.5	9.1	7.9
Nominal Household Consumption	5.1	6.0e	4.1	3.5	4.3	4.1	4.2	4.3
Other Economic Indicators								
Employment	0.5	2.4	1.0	0.8	1.7	1.7	1.7	1.4
Job Creation (000s)	39	183	78	63	133	136	136	114
Unemployment Rate (Per Cent)	6.4	5.7	6.6	6.7	6.3	6.6	6.3	6.4
Consumer Price Index	3.6	3.8	2.1	2.6	2.0	2.0	2.0	2.0
Housing Starts (000s) ¹	80.3	89.3	79.3	87.9	82.7	92.3	83.2	94.4
Home Resales	(8.9)	(12.3)	21.0	4.0	1.2	16.0	1.2	1.2
Home Resale Prices	(9.7)	(6.3)	2.2	(0.2)	4.0	3.1	4.0	4.0
Key External Variables								
U.S. Real Gross Domestic Product	0.5	2.5	1.2	2.1	2.1	1.7	2.1	2.1
WTI Crude Oil (\$US per Barrel)	83	78	80	79	79	78	79	77
Canadian Dollar (Cents US)	74.4	74.1	76.5	74.6	77.6	77.6	78.5	78.2
Three-Month Treasury Bill Rate (Per Cent) ²	4.3	4.8	3.3	4.4	2.5	3.0	2.4	2.6
10-Year Government Bond Rate (Per Cent) ²	3.1	3.3	3.1	3.2	3.1	3.1	3.2	3.3

e = estimate.

p = Ontario Ministry of Finance planning projection based on external sources as of January 25, 2024.

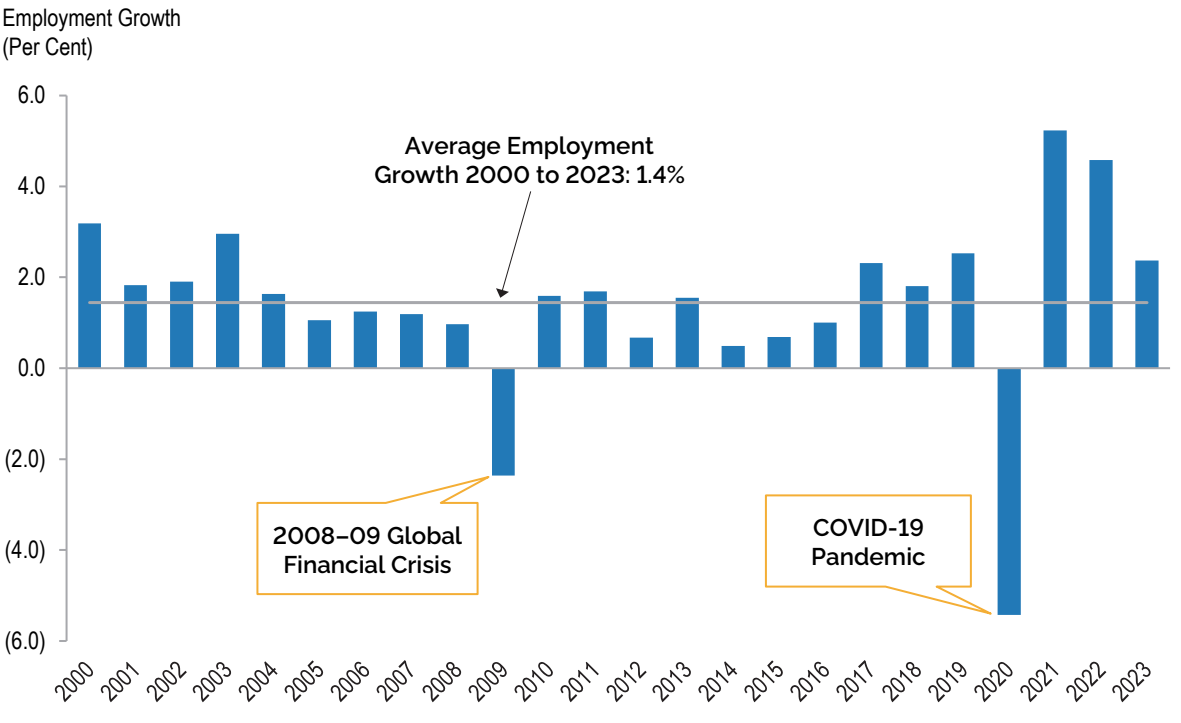
¹ Housing starts projection based on private-sector average as of January 25, 2024.² Government of Canada interest rates.

Sources: Statistics Canada; Canada Mortgage and Housing Corporation; Canadian Real Estate Association; Bank of Canada; United States Bureau of Economic Analysis; *Blue Chip Economic Indicators* (October 2023 and February 2024); U.S. Energy Information Administration; and Ontario Ministry of Finance.

Recent Economic Performance

Despite ongoing economic headwinds, Ontario continued to experience above average employment growth in 2023, adding 183,200 net new jobs, a 2.4 per cent increase. This followed record gains of 5.2 per cent in 2021 and 4.6 per cent in 2022. Job creation over the 3-year period since 2021 is the highest on record. Ontario’s unemployment rate rose modestly to 5.7 per cent in 2023 but remained low compared to its recent historic average.

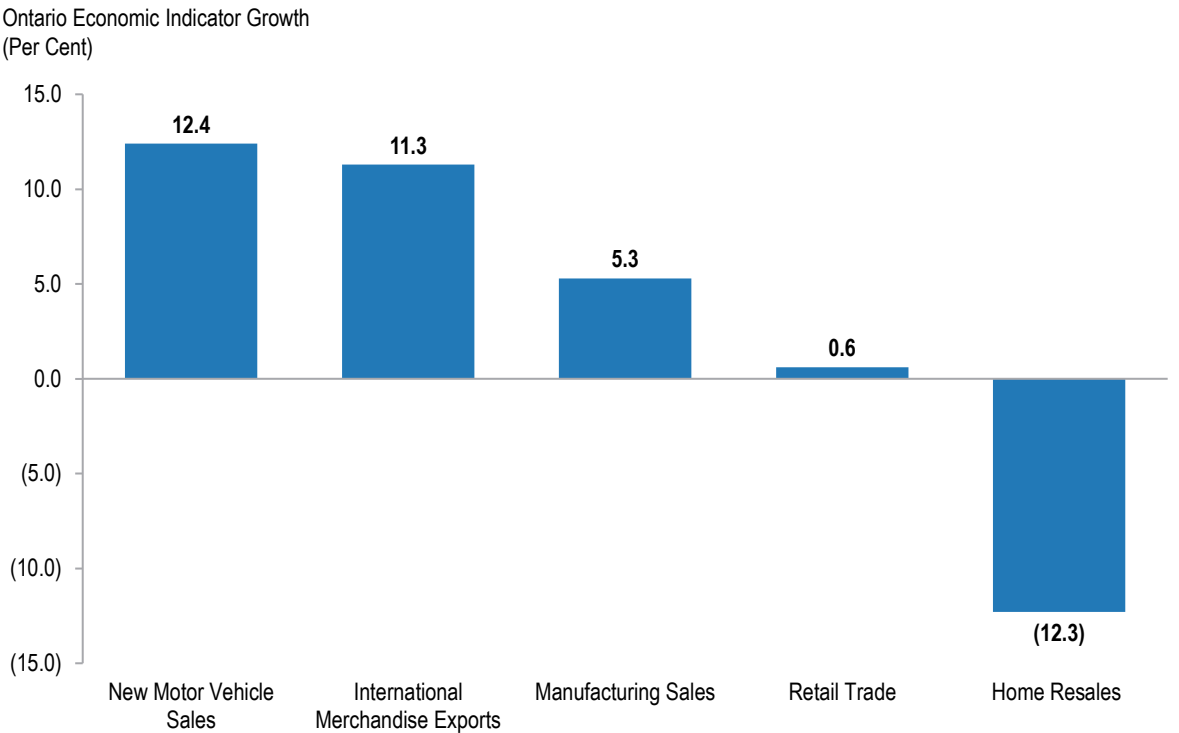
Chart 2.1
Ontario's Strong Employment Growth



Source: Statistics Canada.

Other economic indicators were largely positive for Ontario in 2023. New motor vehicle sales, exports, manufacturing sales and retail trade all posted growth in the year. The housing market moderated as higher mortgage rates contributed to home resales declining by 12.3 per cent in 2023.

Chart 2.2
Performance of Other Key Economic Indicators in 2023

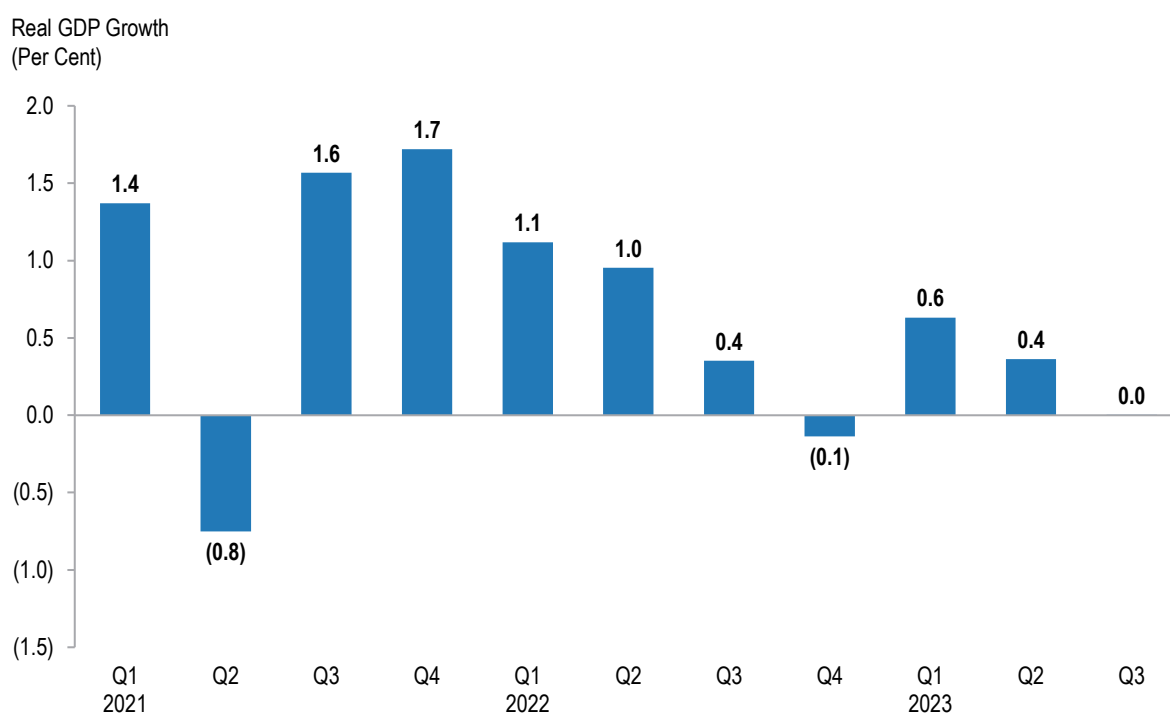


Sources: Statistics Canada and Canadian Real Estate Association.

Real GDP Growth

After a strong start to the year, Ontario's real GDP growth moderated through the course of 2023, as the Bank of Canada's high interest rates weighed on the economy. Real GDP was unchanged in the third quarter of 2023, slowing from gains of 0.6 per cent and 0.4 per cent in the first and second quarters, respectively. Interest-sensitive components such as household consumption and business investment have been particularly impacted by past interest rate increases. Despite this easing of growth in the second half of the year, Ontario real GDP is estimated to have grown 1.2 per cent in 2023.

Chart 2.3
Ontario's Real GDP Growth Moderated in 2023



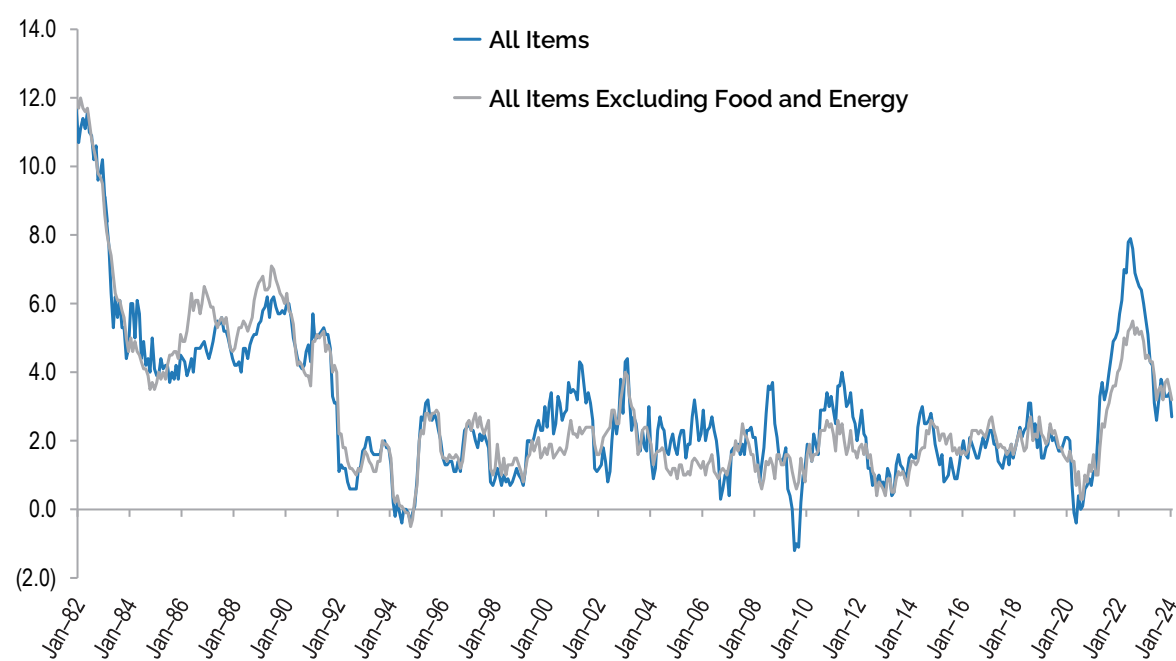
Source: Ontario Ministry of Finance.

Consumer Price Inflation

Ontario Consumer Price Index (CPI) inflation has eased significantly to 2.7 per cent (year-over-year) in January 2024 from 7.9 per cent in June 2022. The CPI moderation was largely due to lower energy prices, which declined 4.0 per cent on a year-over-year basis in January 2024, compared to a 37.0 per cent increase in June 2022. Inflation excluding food and energy also moderated to 3.2 per cent in January 2024 from 5.5 per cent in July 2022.

Chart 2.4
Ontario's Consumer Price Inflation Moderating

Ontario CPI Inflation
(Year-Over-Year Per Cent)



Note: Latest data point is January 2024.

Source: Statistics Canada.

Economic Outlook

The Ontario Ministry of Finance regularly consults with private-sector economists while tracking their forecasts to inform the government's planning assumptions.

Private-sector forecasters, on average, are projecting that Ontario's real GDP will grow by 0.4 per cent in 2024, 2.0 per cent in 2025, and 2.3 per cent in 2026 and 2027. This is a deterioration in the economic forecast since the *2023 Budget*. The Ontario Ministry of Finance's real GDP projections are set slightly below the average of private-sector forecasts in each year for prudent planning purposes. Three external economic experts reviewed the Ontario Ministry of Finance's economic planning assumptions and found them to be reasonable.¹

Table 2.3

Private-Sector Forecasts for Ontario Real GDP Growth

(Per Cent)

	2024	2025	2026	2027
BMO Capital Markets (January)	0.4	2.3	–	–
Central 1 Credit Union (January)	0.8	2.1	–	–
CIBC Capital Markets (January)	0.3	1.8	–	–
The Conference Board of Canada (January)	0.6	2.3	2.6	2.5
Desjardins Group (January)	(0.1)	2.1	–	–
Laurentian Bank Securities (January)	0.4	2.0	–	–
National Bank of Canada (December)	(0.4)	1.5	–	–
Quantitative Economic Decisions, Inc. (January)	1.2	0.5	1.6	1.7
Royal Bank of Canada (December)	0.2	2.3	–	–
Scotiabank (December)	0.5	2.6	–	–
Stokes Economics (January)	0.5	2.2	2.6	2.8
TD Bank Group (January)	0.3	1.5	2.0	2.0
University of Toronto (January)	0.0	2.5	2.8	2.6
Private-Sector Survey Average	0.4	2.0	2.3	2.3
Ontario's Planning Assumption	0.3	1.9	2.2	2.2

Sources: Ontario Ministry of Finance Survey of Forecasters (January 25, 2024) and Ontario Ministry of Finance.

¹ The three experts are from the Policy and Economic Analysis Program at the University of Toronto; Quantitative Economic Decisions, Inc. (QEDinc.); and Stokes Economics Consulting, Inc.

Private-sector forecasters, on average, are projecting that Ontario's nominal GDP will grow by 2.8 per cent in 2024, 4.0 per cent in 2025, 4.4 per cent in 2026 and 4.2 per cent in 2027. The Ontario Ministry of Finance's nominal GDP projections are set slightly below the average of private-sector forecasts in each year for prudent planning purposes.

Table 2.4

Private-Sector Forecasts for Ontario Nominal GDP Growth

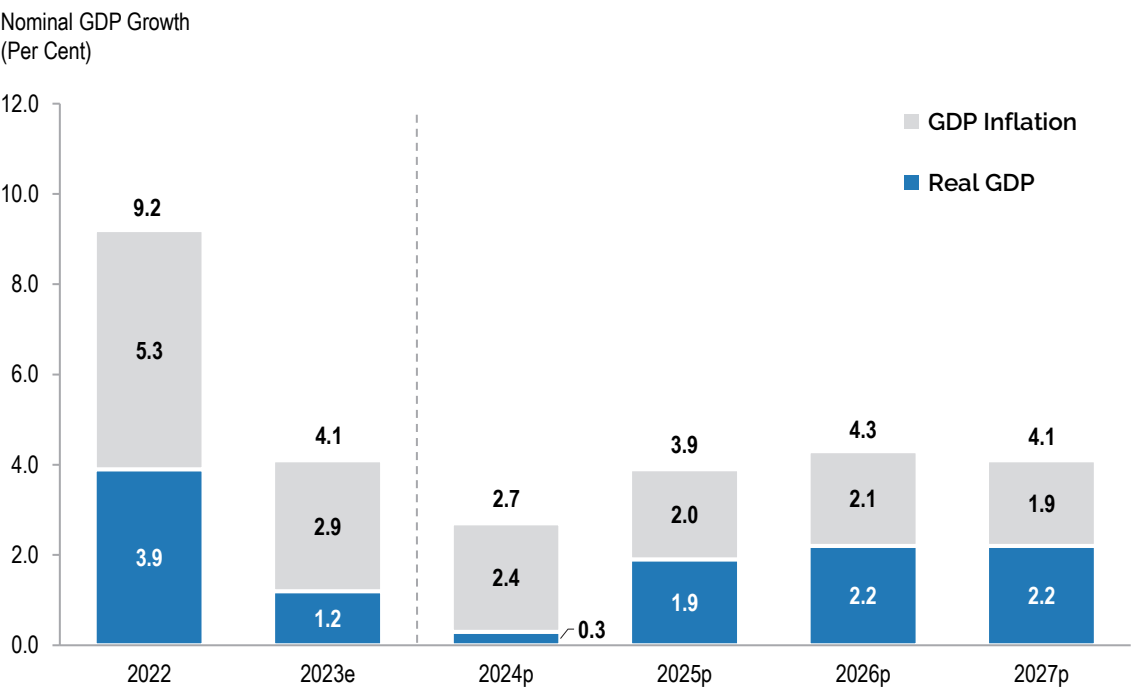
(Per Cent)

	2024	2025	2026	2027
BMO Capital Markets (January)	3.0	4.2	–	–
Central 1 Credit Union (January)	3.2	3.6	–	–
CIBC Capital Markets (January)	2.2	4.1	–	–
The Conference Board of Canada (January)	3.1	4.6	4.7	4.6
Desjardins Group (January)	1.4	3.6	–	–
Laurentian Bank Securities (January)	2.7	4.1	–	–
National Bank of Canada (December)	1.4	3.1	–	–
Quantitative Economic Decisions, Inc. (January)	5.5	3.7	3.5	2.6
Royal Bank of Canada (December)	2.1	3.7	–	–
Scotiabank (December)	3.0	4.4	–	–
Stokes Economics (January)	2.8	4.6	4.8	5.0
TD Bank Group (January)	3.2	3.5	4.0	4.0
University of Toronto (January)	2.7	4.5	4.9	4.7
Private-Sector Survey Average	2.8	4.0	4.4	4.2
Ontario's Planning Assumption	2.7	3.9	4.3	4.1

Sources: Ontario Ministry of Finance Survey of Forecasters (January 25, 2024) and Ontario Ministry of Finance.

The Ontario Ministry of Finance estimates that Ontario nominal GDP increased by 4.1 per cent in 2023, largely reflecting continued elevated GDP inflation coupled with moderate growth in real GDP. Nominal GDP growth is projected to slow in 2024 and then is projected to accelerate over the outlook period.

Chart 2.5
Ontario Nominal GDP Growth Projected to Moderate



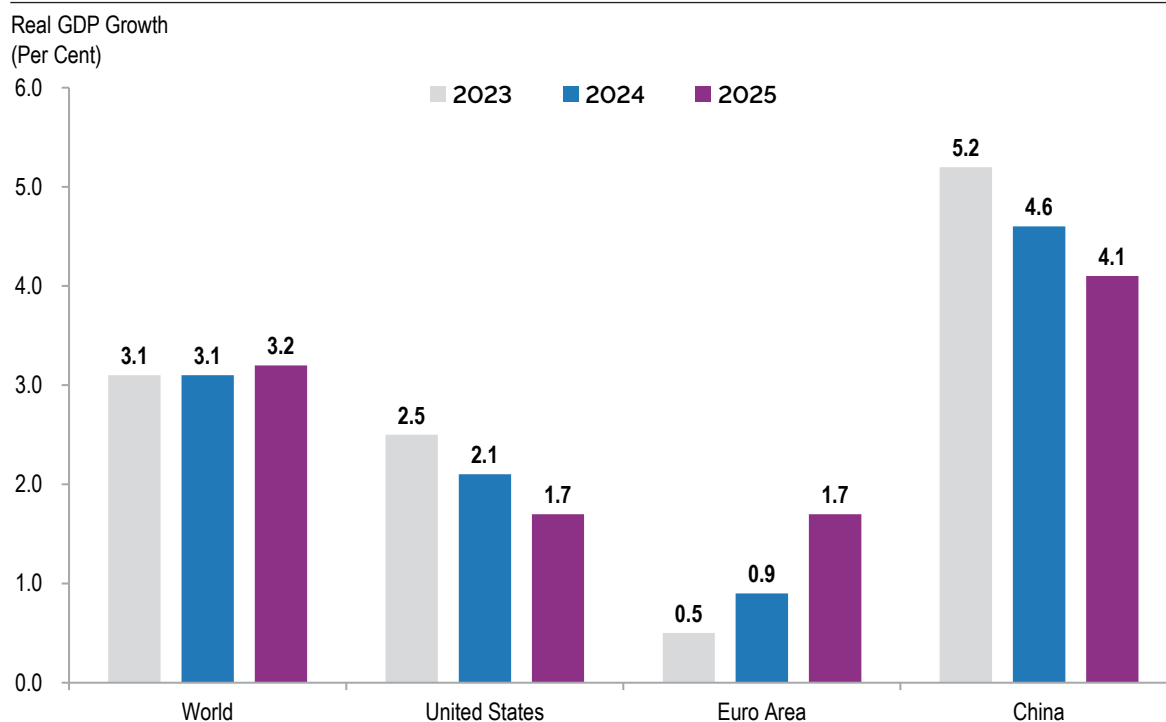
e = estimate.
p = Ontario Ministry of Finance planning projection based on external sources as of January 25, 2024.
Sources: Statistics Canada and Ontario Ministry of Finance.

Global Economic Environment

The global economic growth outlook for 2024 has improved slightly as growth in several countries, notably the United States, has been resilient despite significant monetary policy tightening by key central banks over the past two years to address elevated price inflation. The International Monetary Fund projects global real GDP growth of 3.1 per cent in 2024, up from the 2.9 per cent forecast in October. For 2025, global real GDP growth is forecast to be 3.2 per cent, unchanged from the October forecast.

Real GDP growth in the United States is projected to ease from 2.5 per cent growth in 2023 to 2.1 per cent in 2024 and 1.7 per cent in 2025, as domestic demand moderates and labour markets adjust to the cumulative impacts of past monetary policy tightening. Euro area real GDP growth is projected to pick up from 0.5 per cent in 2023 to 0.9 per cent in 2024 and 1.7 per cent in 2025, as household spending strengthens, and the region continues to adjust to the energy and other commodity price shocks that followed the Russian invasion of Ukraine in 2022. China's real GDP growth is forecast to moderate from 5.2 per cent in 2023 to 4.6 per cent in 2024 and 4.1 per cent in 2025, with financial stresses originating from the property sector continuing to weigh on the economy.

Chart 2.6
Global Real GDP Growth Projections

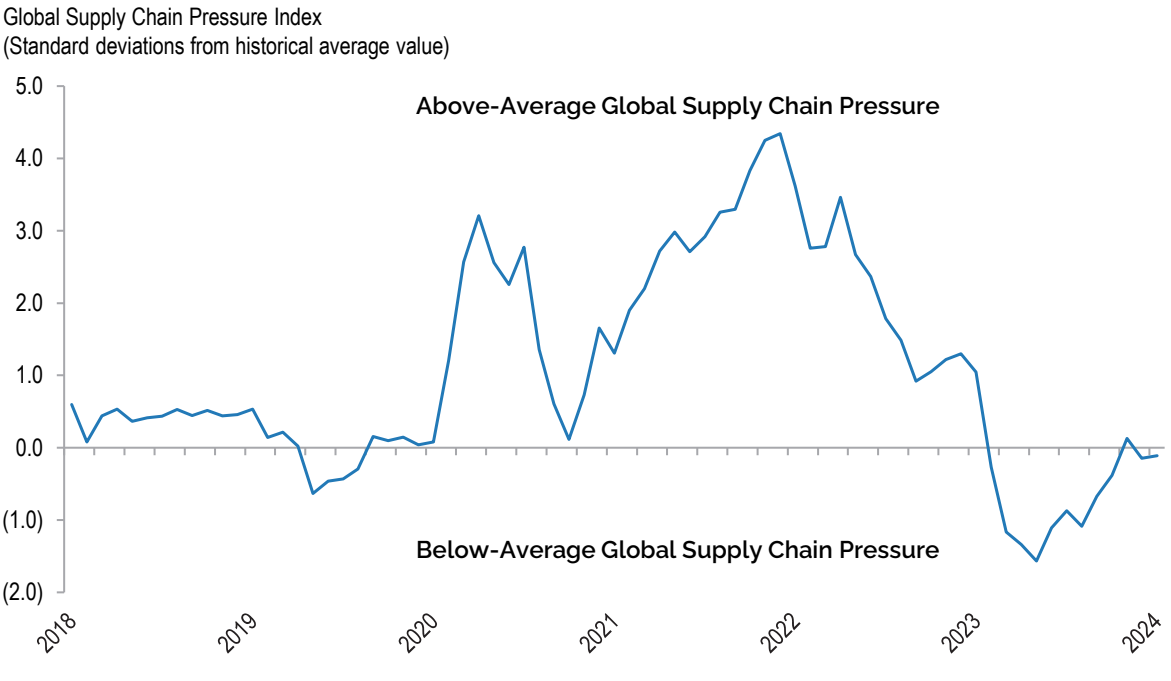


Note: World real GDP growth for 2023 is an estimate, while United States, Euro Area and China real GDP growth rates in 2023 are actuals.

Sources: International Monetary Fund (January 2024) and *Blue Chip Economic Indicators* (February 2024).

Global supply chains that came under significant pressure during the COVID-19 pandemic have improved significantly over the past two years. The Global Supply Chain Pressure Index (GSCPI) produced by the Federal Reserve Bank of New York shows that supply chain pressures peaked in December 2021. As demand patterns normalized and pressures on production and transportation systems eased, the index subsequently declined. By February 2023, the supply chain pressure index declined below its historical average, reaching a low in May 2023. Global supply chain pressures have since risen but are currently close to their historical average level.

Chart 2.7
Global Supply Chain Pressures Have Eased



Notes: Standard deviation is a measure of variability in data. The more standard deviations an observation is from the average value, the less likely an observation is to occur.
Source: Federal Reserve Bank of New York, Global Supply Chain Pressure Index (January 2024).

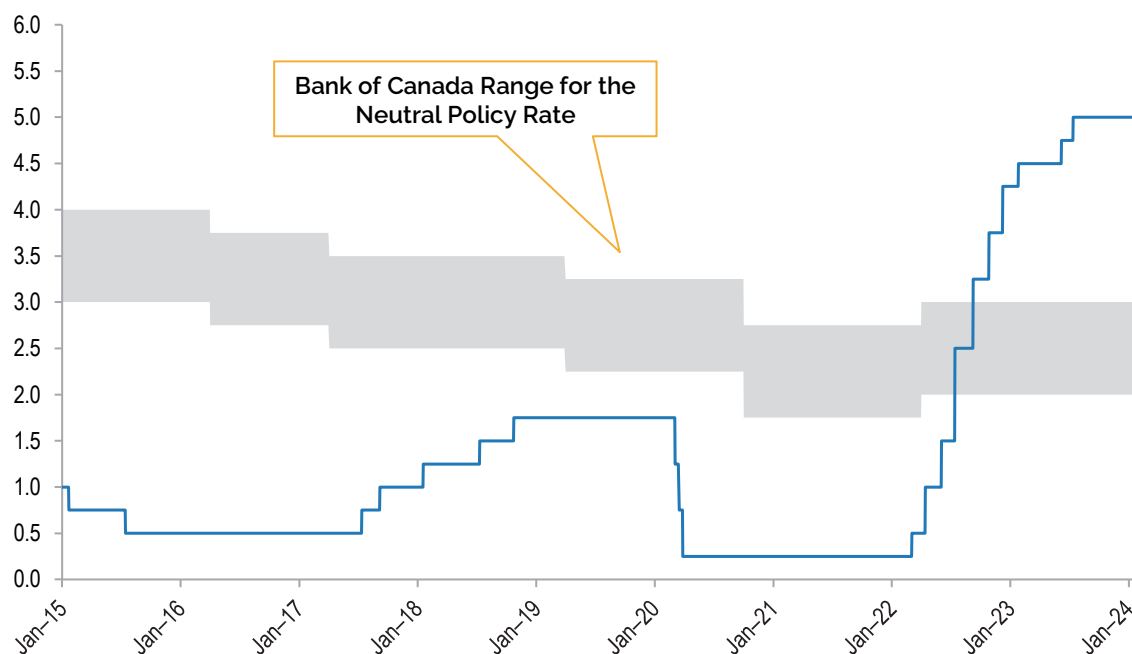
Financial Markets and Other External Factors

Following the fastest pace of policy rate increases since 1981, the Bank of Canada has maintained its policy interest rate at 5.0 per cent since July 2023. The Bank's current policy rate stands well above the 2.0 to 3.0 per cent range that the Bank considers as its neutral policy interest rate, which is the interest rate consistent with the economy producing at its potential capacity when inflation is at two per cent. The Bank's current monetary policy stance is helping to moderate CPI inflation but has contributed to slowing economic growth. The Bank projects inflation to remain around three per cent during the first half of 2024 before easing, returning to the two per cent target in 2025.

Chart 2.8

Bank of Canada Raised Policy Interest Rate Significantly

Bank of Canada Target for the Overnight Rate
(Per Cent)



Source: Bank of Canada data.

Most private-sector forecasters expect the Bank of Canada to begin easing policy interest rates in 2024 and continue easing into 2025. Accordingly, the Government of Canada three-month treasury bill rate is expected to moderate from 4.8 per cent in 2023 to 4.4 per cent in 2024 and reach 2.6 per cent by 2026 and 2027. The Government of Canada 10-year bond rate increased from 2.8 per cent in 2022 to 3.3 per cent in 2023 and is expected to moderate to an average of 3.2 per cent in 2024 and 2025. It is then expected to average 3.4 per cent in 2026 and 2027.

Energy prices are expected to remain relatively stable over the projection horizon. West Texas Intermediate (WTI) crude oil prices moderated to US\$78 per barrel in 2023, down from US\$95 per barrel in 2022. The WTI price is expected to average US\$78 between 2024 and 2027. The Canadian dollar is projected to appreciate gradually over the projection period from 74.1 cents US in 2023 to 74.6 cents US in 2024, and average of 77.6 cents US from 2025 to 2027.

Table 2.5

External Factors

	2022	2023	2024p	2025p	2026p	2027p
World Real GDP Growth (Per Cent)	3.5	3.1e	3.1	3.2	3.2	3.1
U.S. Real GDP Growth (Per Cent)	1.9	2.5	2.1	1.7	2.1	1.9
West Texas Intermediate (WTI) Crude Oil (\$US per Barrel)	95	78	79	78	77	78
Canadian Dollar (Cents US)	76.8	74.1	74.6	77.6	78.2	77.0
Three-Month Treasury Bill Rate ¹ (Per Cent)	2.3	4.8	4.4	3.0	2.6	2.6
10-Year Government Bond Rate ¹ (Per Cent)	2.8	3.3	3.2	3.1	3.3	3.5

e = International Monetary Fund estimate.

p = Ontario Ministry of Finance planning projection based on external sources as of January 25, 2024.

¹ Government of Canada interest rates.

Sources: International Monetary Fund *World Economic Outlook* (October 2023 and January 2024); U.S. Bureau of Economic Analysis; U.S. Energy Information Administration; Bank of Canada; *Blue Chip Economic Indicators* (October 2023 and February 2024); and Ontario Ministry of Finance Survey of Forecasters (January 25, 2024).

Details of Ontario's Economic Outlook

The Ontario Ministry of Finance projects real GDP to rise by 0.3 per cent in 2024, 1.9 per cent in 2025, and 2.2 per cent in 2026 and in 2027. Nominal GDP is projected to grow by 2.7 per cent in 2024 and accelerate to 3.9 per cent in 2025, 4.3 per cent in 2026 and 4.1 per cent in 2027.

Table 2.6

Ontario's Economic Outlook

(Per Cent Change)

	2022	2023	2024p	2025p	2026p	2027p
Real Gross Domestic Product	3.9	1.2e	0.3	1.9	2.2	2.2
Nominal Gross Domestic Product	9.2	4.1e	2.7	3.9	4.3	4.1
Compensation of Employees	8.9	6.7e	4.3	4.4	4.1	4.1
Net Operating Surplus — Corporations	(5.9)	(12.6)e	(4.7)	3.5	7.9	6.0
Nominal Household Consumption	13.2	6.0e	3.5	4.1	4.3	4.2
Other Economic Indicators						
Employment	4.6	2.4	0.8	1.7	1.4	1.4
Job Creation (000s)	338	183	63	136	114	115
Unemployment Rate (Per Cent)	5.6	5.7	6.7	6.6	6.4	6.2
Consumer Price Index	6.8	3.8	2.6	2.0	2.0	2.0
Housing Starts (000s) ¹	96.1	89.3	87.9	92.3	94.4	95.8
Home Resales	(31.9)	(12.3)	4.0	16.0	1.2	1.2
Home Resale Prices	6.7	(6.3)	(0.2)	3.1	4.0	4.0
Key External Variables						
U.S. Real Gross Domestic Product	1.9	2.5	2.1	1.7	2.1	1.9
WTI Crude Oil (\$US per Barrel)	95	78	79	78	77	78
Canadian Dollar (Cents US)	76.8	74.1	74.6	77.6	78.2	77.0
Three-Month Treasury Bill Rate (Per Cent) ²	2.3	4.8	4.4	3.0	2.6	2.6
10-Year Government Bond Rate (Per Cent) ²	2.8	3.3	3.2	3.1	3.3	3.5

e = estimate.

p = Ontario Ministry of Finance planning projection based on external sources as of January 25, 2024.

¹ Housing starts projection based on private-sector average as of January 25, 2024.

² Government of Canada interest rates.

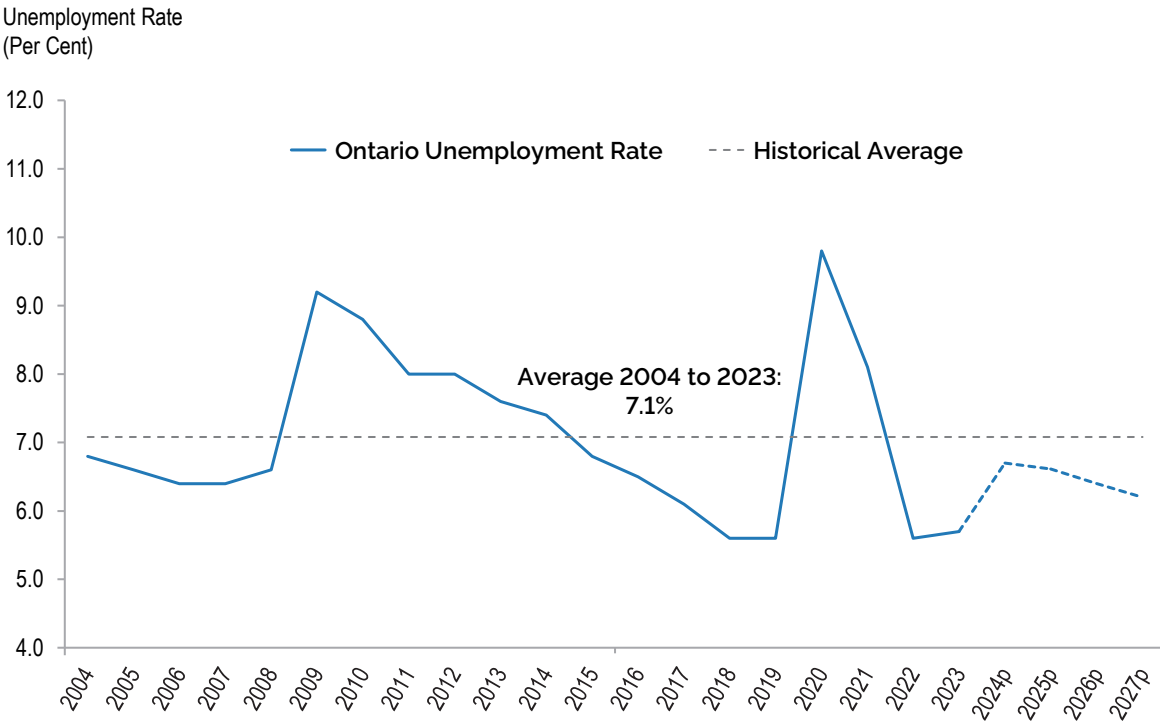
Sources: Statistics Canada; Canada Mortgage and Housing Corporation; Canadian Real Estate Association; Bank of Canada; United States Bureau of Economic Analysis; *Blue Chip Economic Indicators* (October 2023 and February 2024); U.S. Energy Information Administration; and Ontario Ministry of Finance.

Employment and Household Spending

High interest rates are projected to contribute to an easing in the labour market in early 2024 before improving later in the year. Employment is projected to rise by 0.8 per cent in 2024, slowing from a 2.4 per cent increase in 2023. The slower employment growth, along with continued robust population and labour force growth, is projected to raise the unemployment rate to 6.7 per cent in 2024. The unemployment rate over the outlook period is projected to remain below the recent historical average.

A strengthening economy is projected to boost employment growth to 1.7 per cent in 2025 and 1.4 per cent in both 2026 and 2027. As employment gains increase, the unemployment rate is expected to gradually decline to 6.2 per cent by 2027.

Chart 2.9
Ontario Unemployment Rate to Remain Below Historical Average



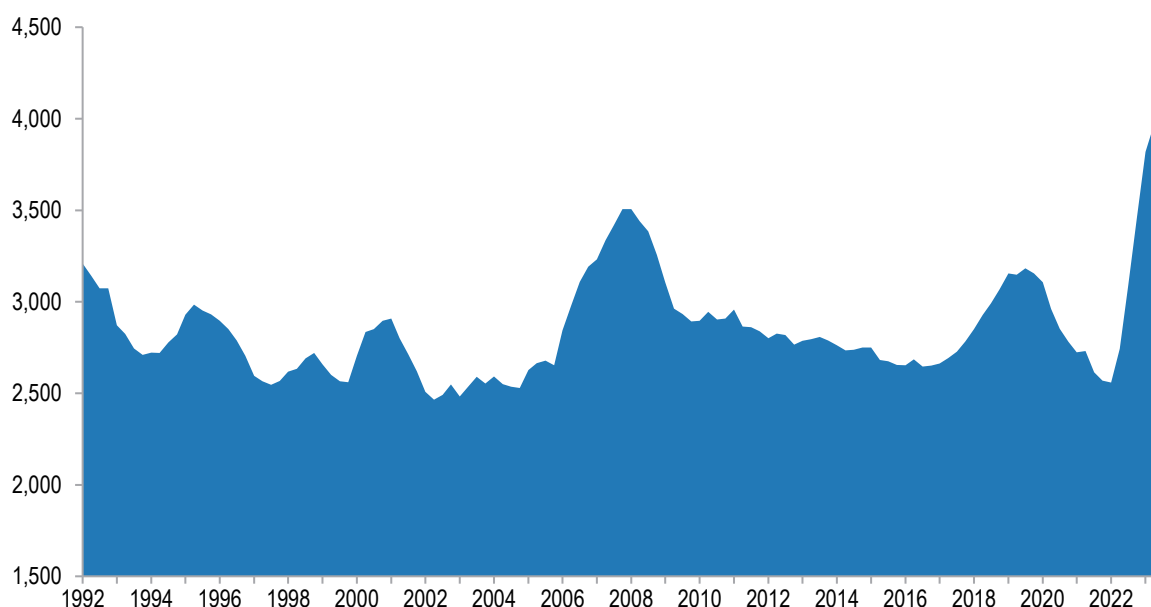
p = Ontario Ministry of Finance planning projection based on external sources as of January 25, 2024.
Sources: Statistics Canada and Ontario Ministry of Finance.

Slowing demand has helped ease price pressures while population increases have contributed to rising nominal household spending in 2023, which was up 6.0 per cent, after a 13.2 per cent increase in 2022. Despite these strong gains, real spending softened on a per capita basis in 2023 as higher prices and interest costs weighed on household budgets. Canadian household interest payments on debt on a real per capita basis have risen significantly and are at the highest level in over 30 years.

Nominal household spending growth is projected to moderate to 3.5 per cent in 2024 but is expected to accelerate to 4.1 per cent in 2025 as interest rates decrease and the labour market strengthens.

Chart 2.10 Canadian Households Paying More Interest

Canada Real Household Debt Interest Paid Per Capita
(2023 Dollars)



Notes: Data is seasonally adjusted annual rate. Canada real household debt interest paid per capita is calculated using Canada Consumer Price Index. Last data point is 2023Q3.

Sources: Statistics Canada and Ontario Ministry of Finance calculations.

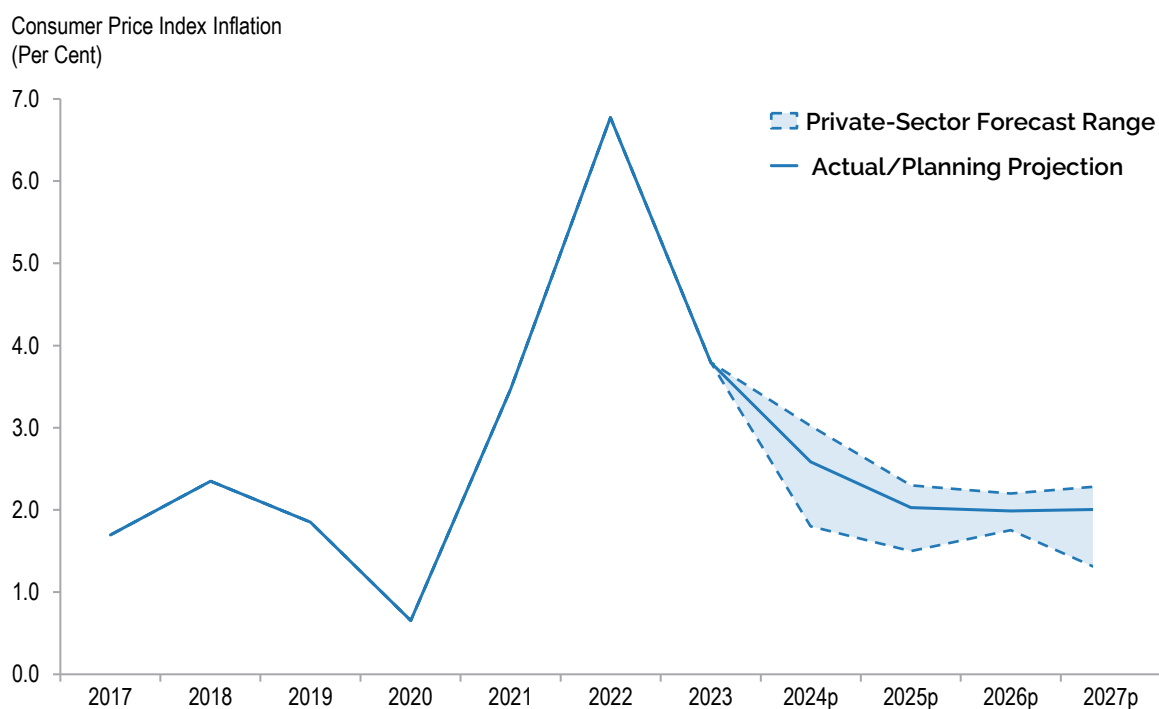
Consumer Price Inflation

Following a significant easing in inflationary pressures in 2023, price pressures are projected to continue to moderate in 2024 as high interest rates continue to dampen demand.

For planning purposes, the Ontario Ministry of Finance is projecting CPI inflation to slow from 3.8 per cent in 2023 to 2.6 per cent in 2024, before returning to the Bank of Canada's inflation rate target of 2.0 per cent in 2025.

However, the future path of CPI inflation is uncertain. Elevated inflation for certain goods and services remains persistent. As well, risks to global supply chains have risen in recent months, impacting shipping costs and delivery times. Private-sector economists have a wide range of views, with forecasts for 2024 inflation ranging from 1.8 per cent to 3.0 per cent.

Chart 2.11
Inflation Projected to Ease



p = Ontario Ministry of Finance planning projection based on external sources as of January 25, 2024.

Sources: Statistics Canada, Ontario Ministry of Finance and Ontario Ministry of Finance Survey of Forecasters.

Federal carbon tax policy has contributed to inflation. The Bank of Canada has estimated that eliminating the carbon tax could create a one-time drop in inflation of 0.6 percentage points in Canada.² On April 1, the federal carbon tax is scheduled to increase. According to the Bank of Canada, the planned increase of the carbon tax would raise year-over-year inflation by roughly 0.1 percentage points.³

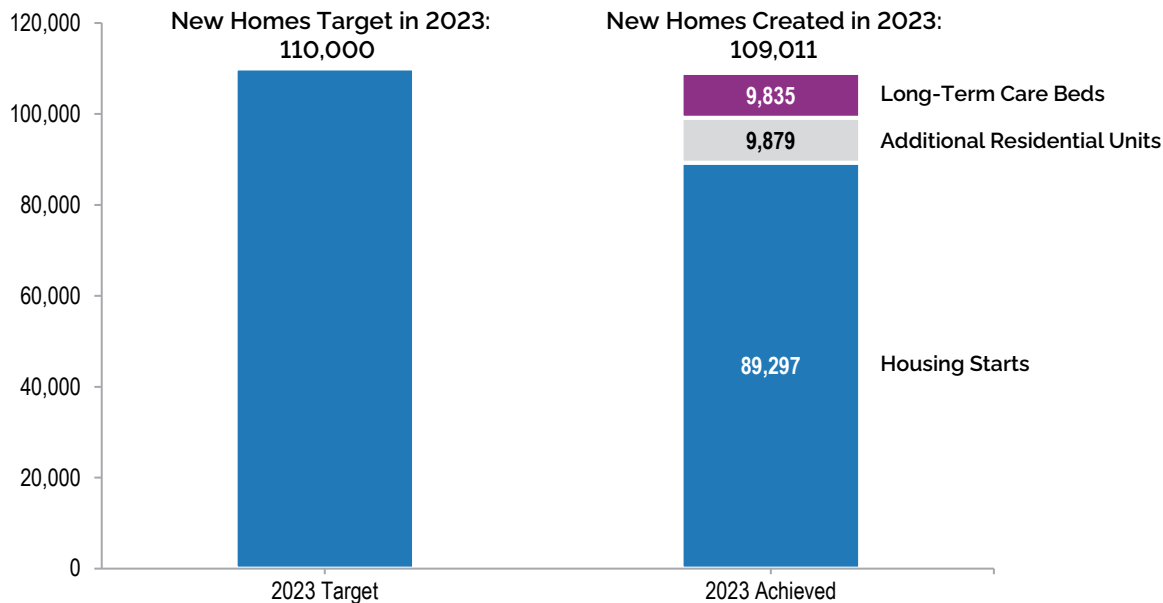
Housing Supply Progress

Ontario has set a goal of building at least 1.5 million homes by 2031 and has assigned the province's 50 largest municipalities with housing targets to help meet this goal.

In 2023, the goal was to create 110,000 new homes in Ontario. By year-end, 109,011 new homes were created, or 99 per cent of the target. This included a mix of market housing starts, additional residential units and long-term care beds.

Chart 2.12
Making Progress on Housing Supply

New Homes Created
(Number of Units)



Note: Long-term care beds includes new and upgraded beds.

Sources: Canada Mortgage Housing Corporation, Ontario Ministry of Municipal Affairs and Housing, and Ontario Ministry of Long-Term Care.

² Canada, Parliament, House of Commons, Standing Committee on Finance, Minutes of Proceedings and Evidence, 44th Parliament, 1st Session, No 112 (October 30, 2023).

³ Bank of Canada. *Monetary Policy Report*, (October 2023).

Housing Market

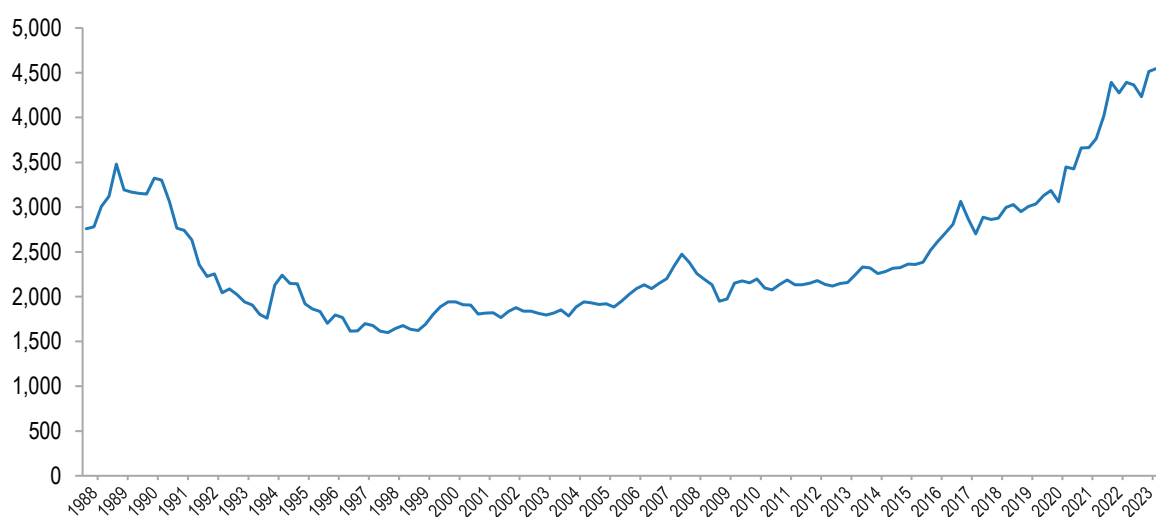
Ontario's housing market continues to face challenges from elevated interest rates and insufficient supply amid record population increases. See Chapter 1, Section A: *Building Ontario* for details on how the provincial government is working with other levels of government and industry partners to get more homes built in Ontario.

The Bank of Canada has held its policy interest rate at 5.0 per cent since July 2023. However, the cumulative impact of its rate increases since March 2022 has elevated mortgage costs, which have weighed on Ontario's housing market activity. The average home price declined 6.3 per cent in 2023 to \$872,100, a level on par with that in 2021. Home resales were 12.3 per cent lower in 2023 following a sharp decline of 31.9 per cent in 2022, reaching the lowest volume of sales in more than two decades.

Despite the decline in average home prices, high interest rates have kept mortgage carrying costs at record levels. The average monthly mortgage carrying cost, based on the Ontario average home resale price with a 20 per cent down payment and a 25-year amortization period, was around \$4,600 in the last quarter of 2023, well above the previous peak recorded in the late 1980s after adjusting for inflation. This has been a significant contributor to housing-related CPI inflation over the past year.

Chart 2.13 Housing Affordability Impacted by Higher Mortgage Costs

Real Average Monthly Mortgage Carrying Cost
(2023 Dollars)

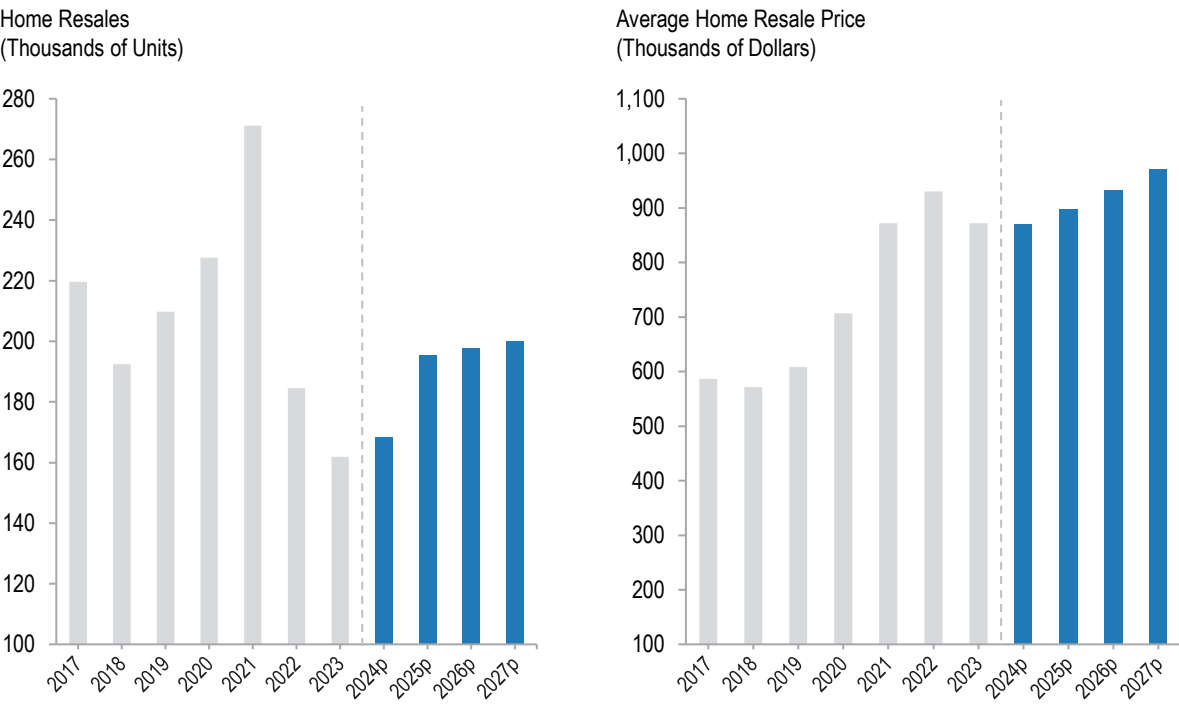


Notes: Real average monthly mortgage carrying cost calculated using Ontario average home resale price and CPI inflation with assumptions of a 20 per cent down payment, 25-year amortization period and 5-year conventional mortgage rates. Last data point is 2023Q4.

Sources: Statistics Canada, Canadian Real Estate Association and Ontario Ministry of Finance calculations.

Projected population growth and moderating mortgage interest rates are expected to boost housing market activity over the projection period. The average home resale price in Ontario is projected to decline 0.2 per cent in 2024 before growing 3.1 per cent in 2025 and 4.0 per cent in 2026. Home resales are projected to grow 4.0 per cent in 2024, 16.0 per cent in 2025 and 1.2 per cent in 2026.

Chart 2.14
Housing Market Projected to Rebound



Sources: Canadian Real Estate Association and Ontario Ministry of Finance.

Risks to the Outlook

Consumer price inflation has continued to ease in many jurisdictions, but measures of core inflation, which adjust for more volatile components, remain elevated. The outlook for inflation remains a key source of uncertainty for the global economy as well as for Canada and Ontario. Although several major central banks, including the Bank of Canada and the U.S. Federal Reserve, have signalled that they have likely concluded their recent cycles of interest rate increases, a significant downside risk is that they may maintain higher interest rates for longer if they judge it necessary to ensure the return of inflation to the target rate. Conversely, an upside risk for the economy is that inflation normalizes more rapidly than expected, allowing for a quicker easing of monetary policy.

Economic growth in the United States has proven surprisingly resilient in the face of significant monetary policy tightening, including strong consumer demand and buoyant labour markets. Continued economic resilience in the United States represents an upside risk to the Ontario economy, notably for growth in Ontario exports. However, the economy in the United States is exposed to significant risks as the cumulative impact of past interest rate rises are expected to weigh on aggregate demand. There is also a risk of fiscal consolidation, as ongoing sizable fiscal deficits have raised federal government debt in the United States to high levels.

Geopolitical developments continue to pose a significant risk to the economic outlook. Global conflicts continue to disrupt commodity markets and pose risks to supply chains. In addition, rising trade tensions are continuing to weigh on international trade in goods and services, which could impact Ontario's key trading relationships in North America.

Table 2.7 displays current estimates of the impact of sustained changes in key external factors on Ontario's real GDP planning assumptions, assuming other external factors remain unchanged. The relatively wide range of estimated impacts reflects the uncertainty regarding how the economy could respond to these changes in external conditions.

Table 2.7

Impact of Sustained Changes in Key External Factors on Real GDP Growth

(Percentage Point Change)

	Change in Real GDP Growth	
	First Year	Second Year
Canadian Dollar Appreciates by Five Cents US	(0.1) to (0.7)	(0.2) to (0.8)
Crude Oil Prices Increase by \$10 US per Barrel	(0.1) to (0.3)	(0.1) to (0.3)
U.S. Real GDP Growth Increases by One Percentage Point	+0.2 to +0.6	+0.3 to +0.7
Canadian Interest Rates Decrease by One Percentage Point	+0.1 to +0.5	+0.2 to +0.6

Source: Ontario Ministry of Finance.

Economic Outlook Scenarios

To provide more transparency about the province's economic outlook amid the elevated degree of economic uncertainty, the Ontario Ministry of Finance has developed Faster Growth and Slower Growth scenarios that the economy could take over the next few years. These alternative scenarios should not be considered the best case or the worst case, but reasonable possible outcomes in this period of uncertainty.

Table 2.8
Ontario Real GDP Growth Scenarios

(Per Cent)

	2024p	2025p	2026p	2027p
Faster Growth Scenario	1.4	2.6	2.5	2.5
Planning Projection	0.3	1.9	2.2	2.2
Slower Growth Scenario	(0.6)	1.4	2.1	2.1

p = Ontario Ministry of Finance planning projection based on external sources as of January 25, 2024, and alternative scenarios.

Source: Ontario Ministry of Finance.

Table 2.9
Ontario Nominal GDP Growth Scenarios

(Per Cent)

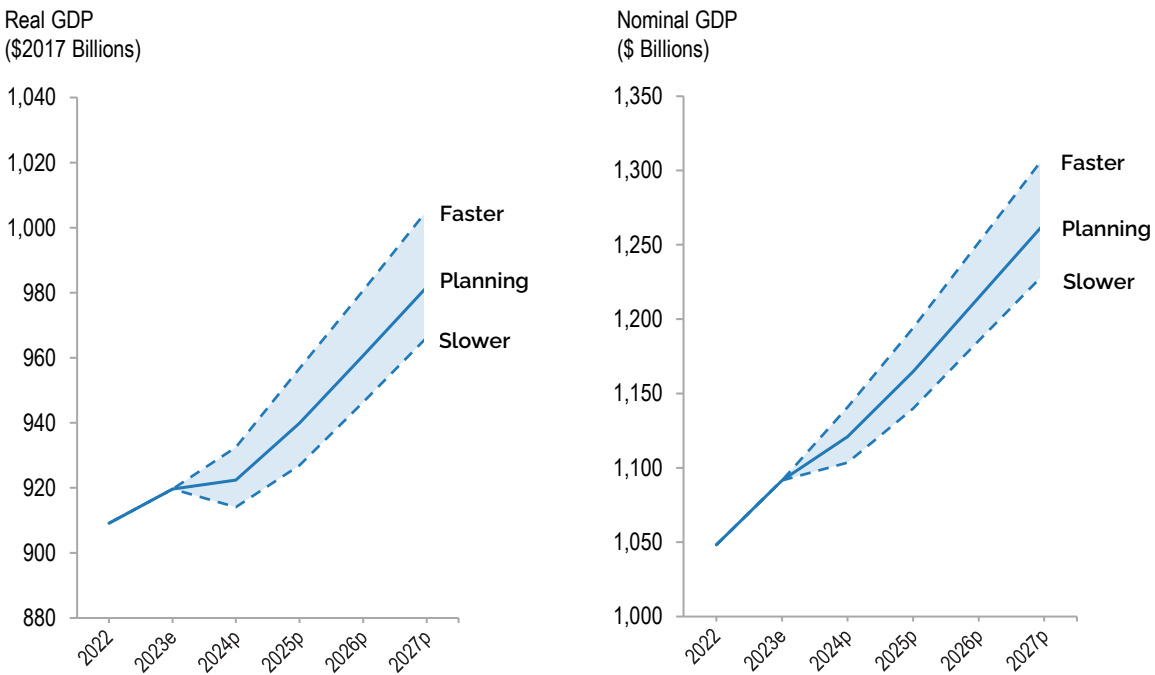
	2024p	2025p	2026p	2027p
Faster Growth Scenario	4.5	4.7	4.8	4.6
Planning Projection	2.7	3.9	4.3	4.1
Slower Growth Scenario	1.1	3.3	4.0	3.8

p = Ontario Ministry of Finance planning projection based on external sources as of January 25, 2024, and alternative scenarios.

Source: Ontario Ministry of Finance.

By 2027, the level of real GDP in the Faster Growth scenario is 2.4 per cent higher than in the Planning Projection, while in the Slower Growth scenario, the level of real GDP is 1.6 per cent lower. The nominal GDP scenarios show a wider range of outcomes over the next several years compared to the real GDP scenarios, due largely to heightened near-term uncertainty around GDP inflation. By 2027, the level of nominal GDP in the Faster Growth scenario is 3.5 per cent higher than in the Planning Projection, while in the Slower Growth scenario, the level of nominal GDP is 2.7 per cent lower.

Chart 2.15
Range of Ontario GDP Scenario Forecasts



e = estimate.
p = Ontario Ministry of Finance planning projection based on external sources as of January 25, 2024 and alternative scenarios.
Sources: Statistics Canada and Ontario Ministry of Finance.

Transparent Reporting on the Economy

The Ontario Economic Accounts provide a comprehensive overall assessment of the performance of Ontario's economy. Private-sector economists use this to assess the current state of the province's economy and as a basis for updating their forecasts. The Ontario Economic Accounts help inform the government's economic and revenue forecasts, providing a key foundation for Ontario's fiscal plan.

The *Fiscal Sustainability, Transparency and Accountability Act, 2019* states that the quarterly Ontario Economic Accounts shall be released within 45 days after the Statistics Canada release of the National Income and Expenditure Accounts.

In compliance with the legislation, the quarterly Ontario Economic Accounts will be released according to the schedule outlined in Table 2.10.

Table 2.10

Ontario Economic Accounts Release Dates

Reference Period	Expected Statistics Canada Release of National Income and Expenditure Accounts	Corresponding Deadline for Release of Ontario Economic Accounts
Fourth quarter (October-December) 2023	February 29, 2024	By April 12, 2024
First quarter (January-March) 2024	May 31, 2024	By July 15, 2024
Second quarter (April-June) 2024	August 30, 2024	By October 15, 2024
Third quarter (July-September) 2024	November 29, 2024	By January 13, 2025
Fourth quarter (October-December) 2024	February 28, 2025	By April 14, 2025

Sources: Statistics Canada and Ontario Ministry of Finance.



Chapter 3

Continuing to Invest in the Plan to Build: Ontario's Fiscal Plan and Outlook

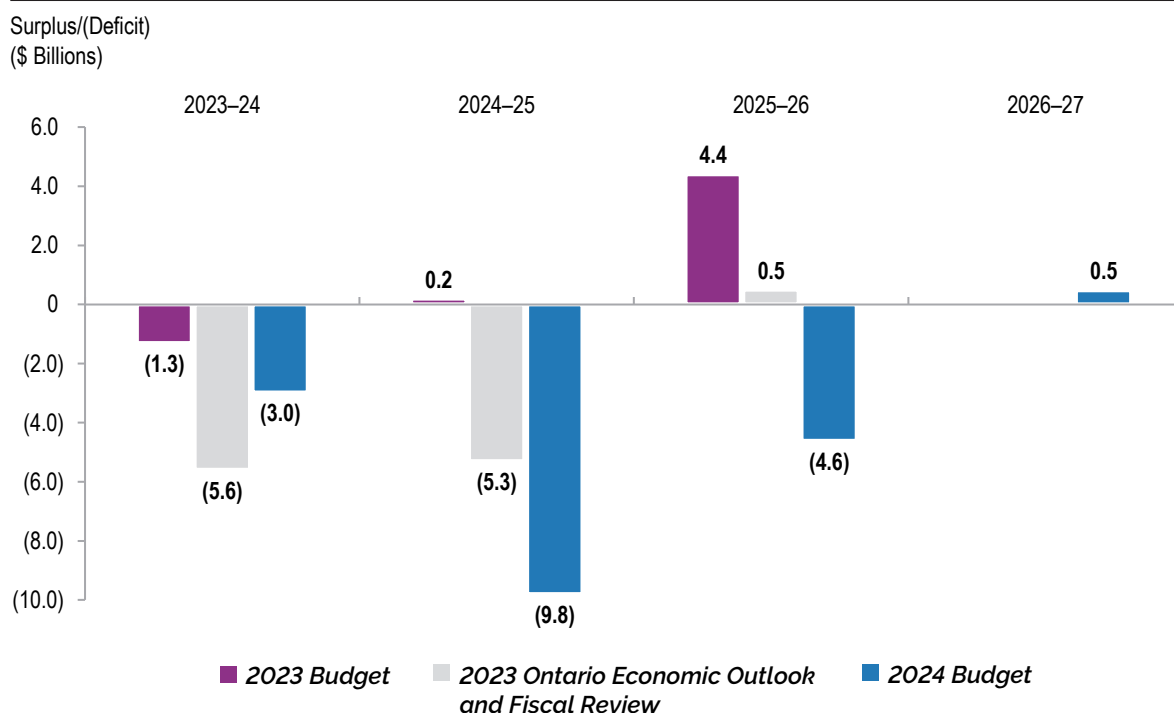
Introduction

With economic headwinds weighing on household and government finances, it is more important than ever to continue investing in *Ontario's Plan to Build* and to keep costs down and taxes low. While Ontario's economy has remained resilient, it is expected to reflect continued but slower growth in 2024, compared to the projection in the *2023 Budget*.

This slower projected growth and other factors beyond the provincial government's control — such as lower tax assessments and the federal government's cap on international student study permit applications — have put new pressures on government finances. But the government will not stop investing in growth, infrastructure, economic development and communities across Ontario, and will also not raise taxes or fees at a time when families and businesses are struggling.

For 2023–24, the government is projecting a deficit of \$3.0 billion. Over the medium term, the government is projecting deficits of \$9.8 billion in 2024–25 and \$4.6 billion in 2025–26, before reaching a surplus of \$0.5 billion in 2026–27. The government's plan retains a path to balance the budget despite a fiscal deterioration relative to the outlooks in Ontario's *2023 Budget* and the fall *2023 Ontario Economic Outlook and Fiscal Review*.

Chart 3.1
Current Fiscal Outlook Compared to the 2023 Budget and 2023 Ontario Economic Outlook and Fiscal Review



Source: Ontario Ministry of Finance.

A strong federal–provincial partnership is also key to Ontario's long-term fiscal sustainability. While Ontario and the federal government have recently achieved agreements on health funding, Ontario continues to make new investments in critical health services while also facing increased cost pressures. More is needed to be done to ensure the Canada Health Transfer provides adequate funding going forward. In addition, with significant new infrastructure investments announced in Ontario's *2024 Budget*, Ontario is calling on the Government of Canada to build on these actions to support municipalities and to get shovels in the ground on housing-enabling infrastructure.

Table 3.1
Fiscal Summary

(\$ Billions)

	Actual 2022–23	Interim ¹ 2023–24	Medium-Term Outlook		
			2024–25	2025–26	2026–27
Revenue	192.9	204.3	205.7	217.4	226.6
Expense					
Programs	186.4	194.5	200.6	205.8	208.9
Interest on Debt	12.4	12.8	13.9	14.7	15.2
Total Expense	198.8	207.3	214.5	220.6	224.1
Surplus/(Deficit) Before Reserve	(5.9)	(3.0)	(8.8)	(3.1)	2.5
Reserve	–	–	1.0	1.5	2.0
Surplus/(Deficit)	(5.9)	(3.0)	(9.8)	(4.6)	0.5
Net Debt as a Per Cent of GDP	38.2%	38.0%	39.2%	39.5%	39.1%
Net Debt as a Per Cent of Revenue	207.6%	203.0%	213.5%	211.4%	209.4%
Interest on Debt as a Per Cent of Revenue	6.4%	6.3%	6.8%	6.8%	6.7%

¹ Interim represents the 2024 Budget projection for the 2023–24 fiscal year.

Notes: Numbers may not add due to rounding. Interim and medium-term outlook primarily reflect information available as of February 28, 2024.

Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

2023–24 Interim¹ Fiscal Performance

Ontario's 2023–24 deficit is projected to be \$3.0 billion — \$1.7 billion higher than the outlook published in the *2023 Budget* but \$2.6 billion lower than the outlook published in the *2023 Ontario Economic Outlook and Fiscal Review*. It is also \$1.6 billion lower than the outlook published in the *2023–24 Third Quarter Finances*.

The *2024 Budget* is projecting revenues in 2023–24 to be \$204.3 billion — slightly lower than forecast in the *2023 Budget*. Declines in taxation revenue and Government of Canada transfers are mostly offset by gains in net income from Government Business Enterprises and Other Non-Tax Revenue.

Program expense is projected to be \$194.5 billion, \$3.8 billion higher than the *2023 Budget* forecast.

Ontario is forecast to pay \$12.8 billion in interest costs in 2023–24 — lower than the forecast in the *2023 Budget*, mainly due to lower than projected borrowing costs. At 38.0 per cent, the net debt-to-GDP ratio in 2023–24 is forecast to be 0.2 percentage point higher than in the *2023 Budget*, primarily due to a modestly higher than forecast deficit and investments in infrastructure.

¹ Defining Interim

Interim represents the *2024 Budget* projection for the 2023–24 fiscal year and is subject to change as actual provincial revenue and expense are finalized in the *Public Accounts of Ontario 2023–2024*, to be released no later than September 27, 2024.

The *2023 Budget* also included a \$1.0 billion reserve in 2023–24 to protect the fiscal plan against unforeseen adverse changes in Ontario's revenue and expense forecasts. The reserve was not required at fiscal year-end and has been drawn down to zero at interim, reducing the deficit further.

Table 3.2
2023–24 In-Year Fiscal Performance

(\$ Millions)

	2023 Budget	Interim¹ 2023–24	In-Year Change
Revenue	204,367	204,336	(32)
Expense			
Programs	190,622	194,470	3,848
Interest on Debt	14,058	12,843	(1,215)
Total Expense	204,680	207,313	2,633
Surplus/(Deficit) Before Reserve	(313)	(2,977)	(2,665)
Reserve	1,000	–	(1,000)
Surplus/(Deficit)	(1,313)	(2,977)	(1,665)

¹ Interim represents the *2024 Budget* projection for the 2023–24 fiscal year.

Notes: Numbers may not add due to rounding. Interim and medium-term outlook primarily reflect information available as of February 28, 2024.

Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

Revenue Update

The 2023–24 total revenue outlook is \$204.3 billion — slightly lower than projected in the *2023 Budget*. Since the release of the most recent update as part of the *2023–24 Third Quarter Finances*, total revenue is projected to increase by \$1.6 billion due to higher Taxation Revenue, Other Non-Tax Revenue and Net Income from Government Business Enterprises, after factoring in a decline in Government of Canada Transfers.

Table 3.3

Summary of 2023–24 Revenue Changes Since the *2023 Budget*

(\$ Millions)

	Interim ¹ 2023–24
2023 Budget Total Revenue	204,367
Revenue Changes in the 2023–24 First Quarter Finances	0.2
Revenue Changes in the 2023 Ontario Economic Outlook and Fiscal Review	(2,566)
Revenue Changes in the 2023–24 Third Quarter Finances	942
Revenue Changes Since the 2023–24 Third Quarter Finances	
Corporations Tax	2,410
Electricity Payments in Lieu of Taxes	(9)
Personal Income Tax	(1,281)
Total Taxation Revenue	1,119
Government of Canada Transfers	(394)
Government Business Enterprises	475
Other Non-Tax Revenue	392
Total Revenue Changes Since the 2023–24 Third Quarter Finances	1,592
Total Revenue Changes Since the 2023 Budget	(32)
2024 Budget Total Revenue Outlook	204,336

¹ Interim represents the 2024 Budget projection for the 2023–24 fiscal year.

Notes: Numbers may not add due to rounding. Interim and medium-term outlook primarily reflect information available as of February 28, 2024.

Source: Ontario Ministry of Finance.

The forecast for **Total Taxation Revenue** has increased by \$1,119 million compared to the 2023–24 *Third Quarter Finances*. Key changes in the taxation revenue outlook include:

- **Corporations Tax** revenue projections increased by \$2,410 million, mainly due to a stronger than expected corporate profit outlook than anticipated mid-way through 2023–24;
- **Electricity Payments in Lieu of Taxes (PILs)** revenue projections decreased by \$9 million, reflecting a lower Municipal Electricity Utilities PILs forecast; and
- **Personal Income Tax** revenue projections decreased by \$1,281 million, reflecting anticipated weaker taxable income growth for 2023.

Government of Canada Transfers projections decreased by \$394 million, mainly due to a reprofiling of funding under the Canada-wide Early Learning and Child Care Agreement and Investing in Canada Infrastructure Program.

Net income from Government Business Enterprises projections increased by \$475 million, due to a higher forecast for income from Ontario Power Generation (OPG) reflecting a revised consolidation adjustment under International Financial Reporting Standards (IFRS).

Other Non-Tax Revenues projections increased by \$392 million, largely due to higher revenue resulting from recoveries of prior-year expenditures and updates from consolidated government organizations.

Expense Update

Since the release of the *2023 Budget*, the government has made targeted investments throughout the fiscal year to continue to make progress on *Ontario's Plan to Build* while also investing in critical public services. The 2023–24 total expense outlook is \$207.3 billion, \$2.6 billion higher than the *2023 Budget*.

Since the release of the most recent update as part of the *2023–24 Third Quarter Finances*, the total program expense projection has increased by \$1.1 billion, primarily due to compensation costs and higher than forecasted ministry spending.

Table 3.4

Summary of 2023–24 Expense Changes Since the *2023 Budget*

(\$ Millions)

	Interim ¹ 2023–24
2023 Budget Total Expense	204,680
Total Expense Changes in the 2023–24 First Quarter Finances	0.2
Total Expense Changes in the 2023 Ontario Economic Outlook and Fiscal Review	1,734
Total Expense Changes in the 2023–24 Third Quarter Finances	(136)
Program Expense Changes Since the 2023–24 Third Quarter Finances	
Health Sector	1,581
Education Sector ²	1,881
Postsecondary Education Sector	(116)
Children, Community and Social Services Sector	44
Justice Sector	638
Other Programs	(2,945)
Total Program Expense Changes Since the 2023–24 Third Quarter Finances	1,081
Interest on Debt Change Since the 2023–24 Third Quarter Finances	(46)
Total Expense Changes Since the 2023–24 Third Quarter Finances	1,035
Total Expense Changes Since the 2023 Budget	2,633
2024 Budget Total Expense Outlook	207,313

¹ Interim represents the *2024 Budget* projection for the 2023–24 fiscal year.

² Excludes Teachers' Pension Plan. Teachers' Pension Plan expense is included in Other Programs.

Notes: Numbers may not add due to rounding. Interim and medium-term outlook primarily reflect information available as of February 28, 2024.

Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

The following program expense changes are projected since the release of the *2023–24 Third Quarter Finances*:

- **Health sector** expense is projected to be \$1,581 million higher, primarily to address pressures related to compensation costs, including Bill 124 remedy settlements, and other health services, such as utilization-driven programs like OHIP and the Ontario Public Drug Programs.
- **Education sector** expense is projected to be \$1,881 million higher, mainly due to compensation costs, including Bill 124 remedy settlements and arbitration outcomes, and higher than forecasted school board spending.
- **Postsecondary Education sector** expense is projected to be \$116 million lower, mainly due to updates to forecasted expense in the college sector.
- **Children, Community and Social Services sector** expense is projected to be \$44 million higher, primarily due to investments in the Ontario Autism Program and compensation costs including Bill 124 remedy settlements.
- **Justice sector** expense is projected to be \$638 million higher, primarily due to compensation costs including Bill 124 remedy settlements and investments related to essential service delivery in corrections, courts, and coroner and forensic pathology services.
- **Other Programs** expense is projected to be a net \$2,945 million lower, primarily due to the following key changes:
 - \$2,772 million drawdown of the Contingency Fund to offset increases in other sectors;
 - \$377 million in lower than forecasted spending for the Ministry of Infrastructure, primarily due to revised implementation timelines for infrastructure projects, including the Investing in Canada Infrastructure Program and the Transit-Oriented Communities Program;
 - \$118 million in lower than forecasted spending for the Ministry of Labour, Immigration, Training and Skills Development, mainly due to revised implementation timelines for the Skills Development Fund Capital Stream; and
 - \$95 million higher than forecasted spending for the Ministry of Agriculture, Food and Rural Affairs, primarily due to higher uptake from the agricultural sector for demand-driven Business Risk Management programming, driven by various factors such as growing conditions.

Interest on debt expense is projected to be \$46 million lower due to a lower projected deficit.

Prudence in 2023–24

The Contingency Fund is maintained to help mitigate expense risks that may adversely affect Ontario's fiscal performance. For the remainder of 2023–24, the Contingency Fund has a current remaining balance of \$0.5 billion, which is available to offset additional expenses that may materialize before the end of the fiscal year.

The *2023 Budget* included a reserve of \$1.0 billion in 2023–24, which was not required and has been drawn down to zero at interim.

Medium-Term Fiscal Plan

The government is projecting deficits of \$9.8 billion in 2024–25, \$4.6 billion in 2025–26, and a surplus of \$0.5 billion in 2026–27. This outlook reflects the government's continuing investments in infrastructure, housing, economic development and key public services, while not raising taxes or fees.

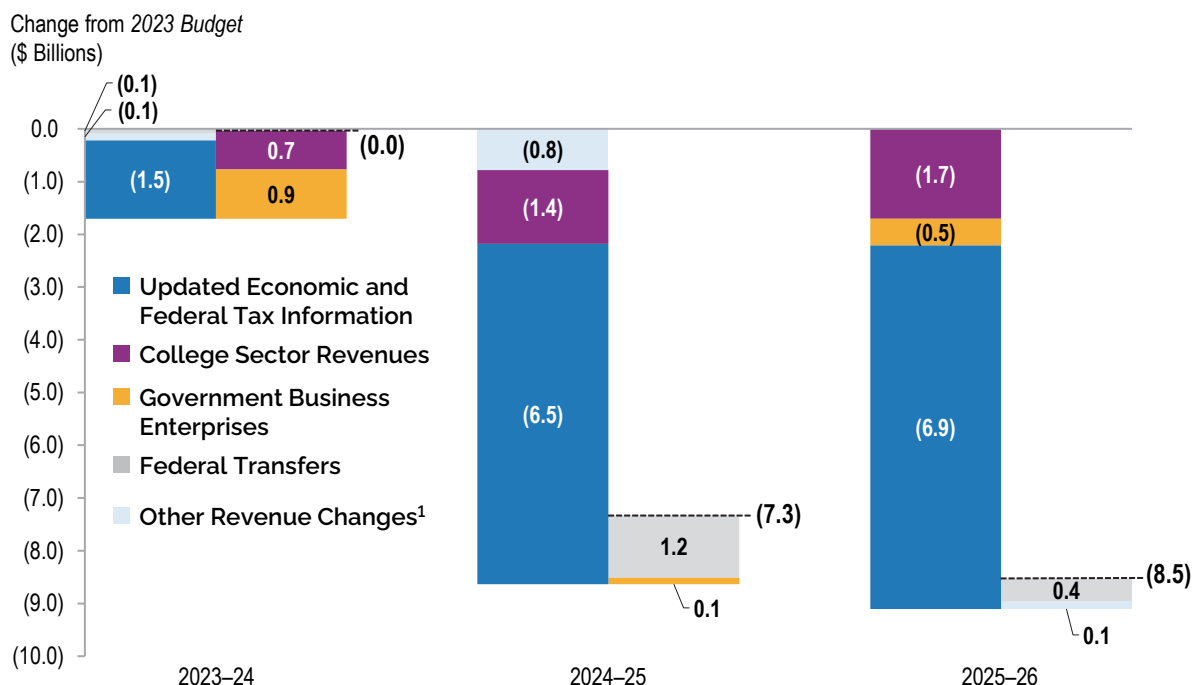
Key Changes Since the *2023 Budget*

Since the *2023 Budget*, revenues have decreased by \$7.3 billion in 2024–25 and \$8.5 billion 2025–26. This is mainly reflecting lower actual tax assessment information from the federal government and slower economic growth over the outlook period. The financial results of colleges are consolidated into the province's financial statements. As a result of the federal government's cap on international student study permit applications for two years, a significant downward revision to Broader Public Sector Colleges revenue is also contributing to the decline in 2024–25 and beyond.

Defining the Medium-Term Outlook

Medium term represents the *2024 Budget* projection for the Plan year (2024–25), or current year, and the following two fiscal years (2025–26 and 2026–27).

Chart 3.2
Sources of Revenue Changes Since the 2023 Budget



¹ Other Revenue Changes mainly reflect the impact of extending the gasoline and fuel tax cut, changes in other Non-Tax Revenues excluding Broader Public Sector Colleges, Cannabis Tax, Education Property Tax, Electricity Payments-in-Lieu of Taxes and other miscellaneous taxes.
Source: Ontario Ministry of Finance.

The total expense outlook is projected to increase from \$207.3 billion in 2023–24 to \$220.6 billion in 2025–26. Total expense is projected to be higher than forecast at the time of the *2023 Budget* as a result of program expense increases, partially offset by interest on debt savings.

The program expense outlook is projected to be higher by \$4.2 billion in 2024–25 and \$3.4 billion in 2025–26, compared with the medium-term forecast in the *2023 Budget*. This increase reflects the government's commitment to strengthen communities through investments in health, education, infrastructure, and economic development as well as additional compensation-related costs.

Ontario's medium-term outlook for interest on debt is currently below the *2023 Budget* estimate by \$0.5 billion in 2024–25 and \$0.3 billion in 2025–26, primarily as a result of lower than projected borrowing costs.

The fiscal plan also includes a reserve of \$1.0 billion in 2024–25, \$1.5 billion in 2025–26 and \$2.0 billion in 2026–27, which aligns with long-run historical reserve levels while maintaining a prudent and flexible fiscal plan.

Medium-Term Revenue Outlook

Total revenue is projected to increase from \$204.3 billion in 2023–24 to \$226.6 billion in 2026–27, for an average annual growth rate of 3.5 per cent. Revenue growth reflects the Ontario Ministry of Finance's outlook for economic growth and the key economic drivers that underpin the revenue forecast, which are based on private-sector forecasts.

Table 3.5

Summary of Medium-Term Revenue Outlook

(\$ Billions)

	Actual 2022–23	Interim ¹ 2023–24	Medium-Term Outlook		
			2024–25	2025–26	2026–27
Revenue					
Personal Income Tax	44.2	50.6	51.9	55.1	58.3
Sales Tax	36.1	39.8	38.8	40.6	42.7
Corporations Tax	27.8	24.2	24.9	26.3	28.0
Ontario Health Premium	4.4	4.9	5.0	5.2	5.4
Education Property Tax	6.0	5.8	5.8	5.9	5.9
All Other Taxes	18.0	17.2	18.2	20.4	21.0
Total Taxation Revenue	136.5	142.5	144.7	153.5	161.3
Government of Canada	31.3	34.8	36.3	37.5	38.7
Income from Government Business Enterprises	6.1	7.3	6.8	8.0	7.8
Other Non-Tax Revenue	19.0	19.8	18.0	18.5	18.8
Total Revenue	192.9	204.3	205.7	217.4	226.6

¹ Interim represents the 2024 Budget projection for the 2023–24 fiscal year.

Note: Numbers may not add due to rounding.

Source: Ontario Ministry of Finance.

The primary driver of the forecast for **Personal Income Tax (PIT)** revenues is the outlook for growth in compensation of employees. Personal Income Tax revenue is projected to grow at an average annual rate of 4.9 per cent between 2023–24 and 2026–27.

The forecast for **Sales Tax (ST)** revenue is driven by the projection for household consumption spending. Average growth in ST revenue is 2.4 per cent between 2023–24 and 2026–27.

The forecast for **Corporations Tax (CT)** revenue is driven by the projections of corporate profitability. Corporations Tax revenue is projected to grow at an average annual rate of 5.0 per cent between 2023–24 and 2026–27.

The primary driver of the forecast for **Ontario Health Premium** revenue is the outlook for growth in compensation of employees. Ontario Health Premium revenue is projected to grow at an average annual rate of 3.5 per cent between 2023–24 and 2026–27.

Education Property Tax revenue is based primarily on the outlook for growth in the property assessment base resulting from new construction activities.

Revenues from **All Other Taxes** are projected to increase at an average annual rate of 6.8 per cent between 2023–24 and 2026–27. This includes revenues from the Employer Health Tax; Land Transfer Tax; Beer, Wine and Spirits Taxes; and volume-based taxes such as the Gasoline Tax, Fuel Tax and Tobacco Tax.

The forecast for **Government of Canada Transfers** is largely based on existing federal–provincial funding agreements and formulas. Federal transfers are projected to increase at an average annual rate of 3.6 per cent between 2023–24 and 2026–27.

The outlook for **Income from Government Business Enterprises (GBEs)** is based on Ontario Ministry of Finance estimates of net income for Hydro One Ltd. (Hydro One) and projections provided by Ontario Power Generation (OPG), the Ontario Cannabis Store (OCS), the Liquor Control Board of Ontario (LCBO), the Ontario Lottery and Gaming Corporation (OLG) and iGaming Ontario (iGO). Net incomes of GBEs are projected to increase at an average annual rate of 2.2 per cent from 2023–24 to 2026–27.

The forecast for **Other Non-Tax Revenue** is based on projections provided by government ministries and agencies. The outlook for Other Non-Tax Revenue is projected to decline at an average annual rate of 1.7 per cent from 2023–24 to 2026–27, largely due to the decrease in third-party revenues from Broader Public Sector Colleges reflecting the federal government's cap on international student study permit applications for two years, beginning in 2024.

Risks to the Revenue Outlook

There are a variety of risks to the economic planning assumptions underlying the revenue forecast, as outlined in Chapter 2: *Economic Performance and Outlook*. Table 3.6 highlights some key risks and sensitivities to the 2024–25 revenue forecast that could arise from unexpected changes in economic conditions. These are only estimates; actual results can vary. The risks identified are based on factors that are considered to have the most material impact on the largest revenue sources.

Table 3.6

Selected Economic and Revenue Sensitivities

Economic Factors	Revenue Sources	2024–25 Sensitivities
Nominal GDP	Total Taxation Revenue	\$1,080 million revenue change for each percentage point change in nominal GDP growth. This can vary significantly, depending on the composition and source of changes in GDP growth.
Compensation of Employees	Personal Income Tax; Ontario Health Premium; and Employer Health Tax	\$723 million revenue change for each percentage point change in growth in compensation of employees.
Household Consumption Expenditures	Sales Tax	\$282 million revenue change for each percentage point change in growth of household consumption expenditures.
Net Operating Surplus of Corporations	Corporations Tax	\$228 million revenue change for each percentage point change in growth in net operating surplus of corporations.
Housing Resales and Resale Prices	Land Transfer Tax	\$37 million revenue change for each percentage point change in growth of either housing resales or resale prices.
Ontario Population Share	Canada Health Transfer	\$52 million revenue change for each one-tenth of a percentage point change in Ontario's population share.
Ontario Population Share	Canada Social Transfer	\$17 million revenue change for each one-tenth of a percentage point change in Ontario's population share.

Source: Ontario Ministry of Finance.

Economic and Fiscal Outlook Scenarios

To illustrate the potential impacts of elevated economic uncertainty, the Ontario Ministry of Finance has developed two alternative scenarios that the economy could take over the next several years (see Chapter 2: *Economic Performance and Outlook* for more details). Based on the two alternative nominal GDP growth economic scenarios, two taxation revenue outlook scenarios were developed. The Faster Growth and Slower Growth scenarios each represent a potential path intended to illustrate a broader range of possible outcomes depending on the pace of economic growth, but neither should be considered as the best case or the worst case.

Table 3.7
Ontario's Taxation Revenue Scenarios

(\$ Billions)	2024–25p	2025–26p	2026–27p
Faster Growth Scenario	148.4	159.7	170.0
Planning Projection	144.7	153.5	161.3
Slower Growth Scenario	141.3	147.9	153.9

p = Ontario Ministry of Finance Planning Projection and alternative scenarios based on external sources as of January 25, 2024.

Note: Numbers may not add due to rounding.

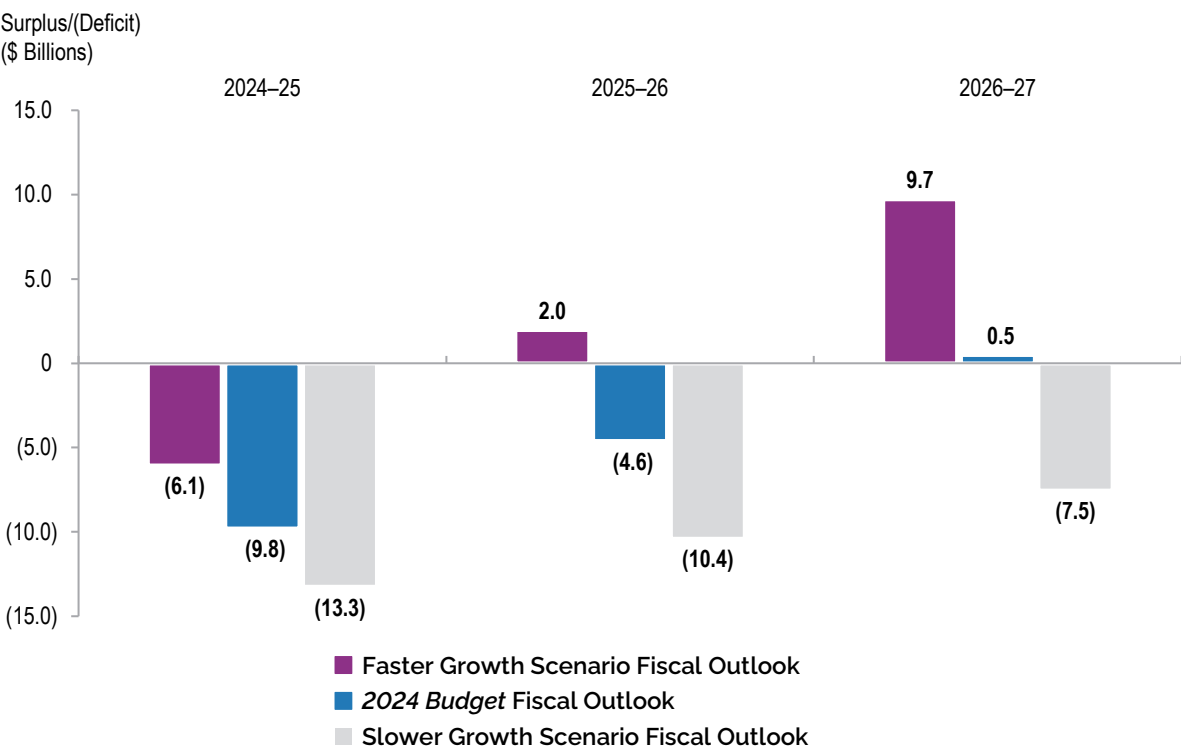
Source: Ontario Ministry of Finance.

In the Faster Growth scenario, total taxation revenue over the medium term is \$8.7 billion higher in 2026–27 than the Planning Projection, while in the Slower Growth scenario, total taxation revenue is \$7.4 billion lower.

In the event that the alternative economic scenarios materialize, as opposed to the Planning Projection, Ontario's fiscal plan would also change as a result.

Under the Faster Growth scenario, the deficit outlook would improve to \$6.1 billion in 2024–25, followed by surpluses of \$2.0 billion in 2025–26 and \$9.7 billion in 2026–27. However, if the Slower Growth scenario materializes, the deficit outlook would deteriorate to \$13.3 billion in 2024–25, \$10.4 billion in 2025–26 and \$7.5 billion in 2026–27.

Chart 3.3
Ontario Fiscal Outlook Scenarios



Source: Ontario Ministry of Finance.

In these alternative outlook scenarios, program expenses are assumed to be unchanged compared to the medium-term expense outlook and only revenue and interest on debt are adjusted.

Medium-Term Expense Outlook

The government is committed to strengthening communities through investments in health care, education, infrastructure, and economic development. The total expense outlook is projected to grow from \$207.3 billion in 2023–24 to \$224.1 billion in 2026–27.

The government continues to invest in programs that serve the people of Ontario. Ontario's program expense outlook is projected to grow from \$194.5 billion in 2023–24 to \$208.9 billion in 2026–27 for an average annual growth rate of 2.4 per cent. This also reflects additional compensation-related costs.

Table 3.8

Summary of Medium-Term Expense Outlook

(\$ Billions)

	Actual 2022–23	Interim ¹ 2023–24	Medium-Term Outlook		
			2024–25	2025–26	2026–27
Base Programs²					
Health Sector	75.1	84.5	85.0	88.0	89.9
Education Sector ³	33.6	36.6	37.6	38.8	39.4
Postsecondary Education Sector	11.7	12.6	12.2	12.5	13.0
Children, Community and Social Services Sector	18.0	19.4	19.9	20.1	20.1
Justice Sector	5.3	6.1	5.9	5.6	5.6
Other Programs	30.1	35.3	40.0	40.9	40.9
Total Base Programs	173.8	194.5	200.6	205.8	208.9
COVID-19 Time-Limited Funding	6.3	–	–	–	–
Other One-Time Expenses	6.3	–	–	–	–
Total Programs	186.4	194.5	200.6	205.8	208.9
Interest on Debt	12.4	12.8	13.9	14.7	15.2
Total Expense	198.8	207.3	214.5	220.6	224.1

¹ Interim represents the 2024 Budget projection for the 2023–24 fiscal year.

² For presentation purposes in the 2024 Budget, one-time COVID-19-related spending in 2022–23 has been included within COVID-19 Time-Limited Funding. This funding is no longer reported separately, starting 2023–24.

³ Excludes Teachers' Pension Plan. Teachers' Pension Plan expense is included in Other Programs.

Note: Numbers may not add due to rounding.

Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

Highlights of the changes to the program expense outlook over the medium term include the following:

- **Health sector** expense is projected to increase from \$84.5 billion in 2023–24 to \$89.9 billion in 2026–27. The growth is primarily due to investments to:
 - Address the growing demands in the health sector, including funding for hospitals and cancer treatment services to respond to Ontario's aging and growing population;
 - Support health human resources initiatives to optimize the existing workforce and recruit and retain health care providers;
 - Improve and transform the home and community care sector;

- Improve quality of care in the long-term care sector; and
- Support mental health and addictions services through the *Roadmap to Wellness: A Plan to Build Ontario's Mental Health and Addictions System*.
- **Education sector** expense is projected to increase from \$36.6 billion in 2023–24 to \$39.4 billion in 2026–27. Key investments include:
 - Funding to address enrolment growth and support student achievement, including through Ontario's back to basics learning strategy on reading and math;
 - Continued implementation of the Canada-wide Early Learning and Child Care Agreement to increase access to high-quality affordable child care while reducing average out-of-pocket child care fees; and
 - Supporting commitments consistent with labour agreements reached.
- **Postsecondary Education sector** expense is projected to increase from \$12.6 billion in 2023–24 to \$13.0 billion in 2026–27. This is mainly due to:
 - Increased supports to institutions of \$903 million to strengthen postsecondary education in Ontario, including implementing a Postsecondary Education Sustainability Fund to help address immediate financial sustainability challenges;
 - Investments of over \$485 million to support Health Human Resources initiatives, including the ongoing expansion of nursing and medical school seats and the Ontario Learn and Stay Grant where students in targeted nursing, paramedic and medical laboratory technologist programs study and work in underserved communities; and
 - Lower forecasted college sector spending, primarily as a result of the federal government announcement to cap international student study permit applications for two years, beginning in 2024.
- **Children, Community and Social Services sector** expense is projected to increase from \$19.4 billion in 2023–24 to \$20.1 billion in 2026–27. This is mainly due to:
 - \$310 million over three years to address increasing operational costs for community organizations that support vulnerable populations, including children in care and those with special needs, people with developmental disabilities, and people who have experienced gender-based violence and human trafficking; and
 - Annual inflation adjustments to core allowances for the Ontario Disability Support Program and the maximum monthly amount for the Assistance for Children with Severe Disabilities Program, which started in July 2023.

- **Justice sector expense** is projected to decrease from \$6.1 billion in 2023–24 to \$5.6 billion in 2026–27. Investments in the sector include:
 - One-time funding in 2023–24 for compensation costs, including Bill 124 remedy settlements in the Justice sector;
 - Funding provided in 2023–24 to support essential service delivery in corrections, coroner and forensic pathology services, as well as courts and animal welfare services; and
 - Continuing investments in the Justice sector to protect public safety such as the Guns, Gangs and Violence Reduction Strategy, air support equipment, initiatives to fight auto theft, and the expansion of the Basic Constable Training Program including the elimination of its tuition fees.
- **Other Programs expense** is projected to increase from \$35.3 billion in 2023–24 to \$40.9 billion in 2026–27. Key changes include:
 - \$3.3 billion over three years, beginning in 2024–25, as part of the government's multi-year commitment to provide access to high-speed internet for every community across Ontario by the end of 2025;
 - \$2.8 billion over three years, beginning in 2024–25, for strategic investments in industrial support and land development, including Ontario's auto manufacturing sector and electric vehicle battery production;
 - \$1.8 billion over three years, beginning in 2024–25, to help build municipal housing-enabling infrastructure projects through the \$1.0 billion new Municipal Housing Infrastructure Program and the enhanced \$825 million Housing-Enabling Water Systems Fund; and
 - \$200 million over three years, beginning in 2024–25, for the new Community Sport and Recreation Infrastructure Fund to support new facilities and revitalize existing venues for youth and families, while creating good local jobs and supporting economic growth.

The total expense outlook includes **Interest on Debt** expense, which is projected to increase from \$12.8 billion in 2023–24 to \$15.2 billion in 2026–27.

Building on the Federal–Provincial Partnership

Governments work best when they work together. In the past year, Ontario and the federal government have made important progress to build Ontario and Canada. Working together, Ontario and the federal government secured major investments across Ontario's electric vehicle (EV) supply chain and are helping to spur new purpose-built rental housing in Ontario by removing the harmonized sales tax (HST) to support construction. In addition, the federal government has built on the investments Ontario is making to support asylum seekers and provide connected and convenient health care for the people of Ontario.

Going forward, there are more opportunities for collaborative action in building a stronger Ontario. These include joining the Ontario government to support housing-enabling infrastructure, going further to support cities, and growing Ontario's end-to-end electric vehicle supply chain. As Ontario continues to secure its position as a global leader of responsibly sourced critical minerals, it is important that the federal government supports Ontario through funding and expedited approval processes for all infrastructure that will enable the development of the Ring of Fire.

Ontario is also committed to working with the federal government, provinces and territories on improving Canada's competitiveness. This includes working together to support skills training for the people of Ontario through the Labour Market Transfer Agreements, which must be modernized and, as a start, maintained at current levels of funding. Effective federal–provincial transfers are also a key component of ensuring sustainable public services and building a stronger Ontario. Building on the recent federal agreements and the initial down payment on health care funding, ensuring adequate, flexible and fair funding through the Canada Health Transfer will continue to be a critical priority. The review mechanisms built into recent agreements lay the groundwork to ensure that they truly reflect the costs and pressures facing Ontario, while helping deliver on shared objectives.

Canada shares a unique economic relationship with the United States, as our closest trading partner, and the largest economy in the world. Ontario remains vigilant in protecting the province's interests, workers, jobs and investments. Ontario will continue to work both with the federal government and on its own initiative to seek opportunities for increased trade and collaboration through Memoranda of Understanding with key U.S. states on trade and procurement, building supply chains for electric vehicles (EVs), and supporting the Canada–U.S. Joint Action Plan on Critical Minerals Collaboration. It is also imperative that the federal government continue to partner with Ontario to attract strategic EV investments.

Prudence Built into the Medium-Term Outlook

In keeping with sound fiscal planning practices, Ontario's revenue outlook is based on prudent economic planning projections, as discussed in Chapter 2: *Economic Performance and Outlook*. Three external economic experts reviewed the Ontario Ministry of Finance's economic assumptions and found them to be reasonable.¹

The government maintains a responsible and flexible fiscal plan to respond to uncertainty and risks. Ontario incorporates prudence in the form of a reserve to protect the fiscal outlook against unforeseen adverse changes in Ontario's revenue and expense, including those resulting from changes in Ontario's economic performance.

In addition, the Contingency Fund is maintained to help mitigate expense risks that may adversely affect Ontario's fiscal performance. The Contingency Fund in 2024–25 is set at \$1.5 billion and increases further through the remainder of the medium-term outlook, reflecting the government's prudent and responsible fiscal planning.

The reserve has been set at \$1.0 billion in 2024–25, \$1.5 billion in 2025–26 and \$2.0 billion in 2026–27. This reflects Ontario's commitment to maintaining a prudent and flexible fiscal plan.

Risks to the Expense Outlook

Table 3.9 provides a summary of key expense risks and sensitivities that could result from unexpected changes in economic conditions and program demands. A change in these factors could affect total expense and the public sector, causing variances in the overall fiscal forecast. These sensitivities illustrate possible effects on the government's key programs and can vary, depending on the nature and composition of potential risks.

¹ The three experts are from the Policy and Economic Analysis Program at the University of Toronto; Quantitative Economic Decisions, Inc. (QEDinc.); and Stokes Economics Consulting, Inc.

Table 3.9

Selected Expense Sensitivities

Program/Sector	2024–25 Assumption	2024–25 Sensitivities
Hospital ¹	Annual growth of 4.0 per cent.	One per cent change in hospital costs: \$249.3 million.
Home Care ²	Approximately 39.8 million hours of personal support services.	One per cent change in hours of personal support services: approximately \$19.5 million.
	Approximately 9.8 million nursing and therapy visits and 1.3 million nursing shifts.	One per cent change in all nursing and therapy visits: approximately \$12.8 million.
Elementary and Secondary Schools	Approximately 2.066 million average daily pupil enrolment.	One per cent enrolment change: approximately \$176 million.
Ontario Works	263,748 average annual caseload.	One per cent caseload change: approximately \$30 million.
Ontario Disability Support Program	376,462 average annual caseload.	One per cent caseload change: approximately \$63 million.
Interest on Debt	Average cost of borrowing in 2024–25 is forecast to be 4.0 per cent.	In the first full year, the impact of a 100 basis-point change in borrowing rates: approximately \$700 million.

¹ Hospital costs are based on hospital operating transfer payments and exclude one-time funding, consolidations and arbitrated wage settlements.

² Home Care statistics are based on a combination of 2022–23 and 2023–24 data and estimates.

Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

Transparency and Risks

The government continues to be transparent about the state of Ontario's finances. This principle is reflected in the *Fiscal Sustainability, Transparency and Accountability Act, 2019*, which stipulates that Ontario's fiscal policy should be clearly articulated and information about it should be readily available to the public without charge.

To ensure a reasonable and prudent economic forecast, the government's key economic planning projections are set below the average of private-sector forecasts in each year. While the planning assumptions for economic growth are reasonable and prudent, the Ontario Ministry of Finance has also developed Faster Growth and Slower Growth scenarios to provide greater transparency around a broader range of possible outcomes depending on the pace of Ontario's economic growth amid heightened economic uncertainty.

As a matter of transparent fiscal management, financial pressures are monitored throughout the fiscal year with the goal of ensuring value for taxpayer dollars through the use of robust and prudent methodologies to develop forecasts. Other important risk management tools include closely tracking the pace of implementation of initiatives and proactively identifying emerging program and policy risks. Comprehensive analysis of known pressures informs the fiscal planning processes, including the development of plans to mitigate and manage fiscal pressures, as well as maintaining adequate contingencies as part of the medium-term fiscal projections. The fiscal plan also incorporates the impact of the Bill 124 court decision on compensation-related costs.

In addition to the key demand sensitivities and economic risks to the fiscal plan, there are risks stemming from the government's contingent liabilities. Whether future events will result in actual liabilities for Ontario is beyond the direct control of the government. For example, losses could result from legal settlements, a call on a loan or funding guarantees. While a Contingency Fund is included in the fiscal plan to help mitigate expense risks, until there exists certainty around the likelihood and costs of these future events, these risks are not included in the government's fiscal plan. Provisions for losses that are likely to occur and can be reasonably estimated are expensed and reported as liabilities in Ontario's financial statements. Any significant contingent liabilities related to the 2023–24 fiscal year will be disclosed as part of the *Public Accounts of Ontario 2023–2024*, to be released no later than September 27, 2024.

Details of Ontario's Finances

Table 3.10

Total Revenue

(\$ Millions)

	Actual 2021–22	Actual 2022–23	Interim ¹ 2023–24	Plan 2024–25
Taxation Revenue				
Personal Income Tax	46,750	44,209	50,593	51,936
Sales Taxes	30,357	36,092	39,762	38,832
Corporations Tax	25,227	27,791	24,179	24,915
Education Property Tax	5,713	5,991	5,755	5,831
Employer Health Tax	7,223	7,797	8,364	8,720
Ontario Health Premium	4,414	4,445	4,918	5,014
Gasoline Tax	2,202	2,103	1,664	1,953
Land Transfer Tax	5,827	4,443	3,739	3,881
Tobacco Tax	927	864	827	771
Fuel Tax	771	571	499	623
Beer, Wine and Spirits Taxes	624	600	599	576
Electricity Payments in Lieu of Taxes	666	674	535	536
Ontario Portion of the Federal Cannabis Excise Duty	215	310	344	379
Other Taxes	759	627	673	720
	131,675	136,518	142,452	144,687
Government of Canada				
Canada Health Transfer	16,731	17,525	19,277	20,256
Canada Social Transfer	6,003	6,178	6,404	6,576
Equalization	–	–	421	576
Infrastructure Programs	562	769	1,075	1,185
Labour Market Programs	1,476	1,181	1,148	904
Social Housing Agreement	305	263	218	174
Other Federal Payments	5,091	4,817	5,739	6,098
Direct Transfers to Broader Public Sector Organizations	439	530	481	482
	30,607	31,264	34,764	36,252
Income from Government Business Enterprises				
Liquor Control Board of Ontario	2,543	2,457	2,546	2,450
Ontario Power Generation Inc./Hydro One Ltd.	2,151	850	1,973	1,314
Ontario Lottery and Gaming Corporation	1,561	2,505	2,351	2,623
Ontario Cannabis Store	186	234	242	225
iGaming Ontario	–	87	162	174
	6,441	6,133	7,274	6,786

continued...

Table 3.10

Total Revenue (continued)

(\$ Millions)

	Actual 2021–22	Actual 2022–23	Interim ¹ 2023–24	Plan 2024–25
Other Non-Tax Revenue				
Fees, Donations and Other Revenues from Hospitals, School Boards and Colleges	9,688	11,492	11,737	10,239
Vehicle and Driver Registration Fees ²	33	1,251	1,190	1,181
Miscellaneous Other Non-Tax Revenue	2,628	2,149	2,392	2,000
Other Fees and Licences	1,237	1,438	1,698	1,657
Sales and Rentals	1,046	1,227	1,388	1,546
Reimbursements	1,233	1,031	1,112	1,002
Royalties	468	335	289	295
Power Supply Contract Recoveries	67	48	39	44
Net Reduction of Power Purchase Contracts	5	–	–	–
	16,405	18,972	19,845	17,965
Total Revenue	185,128	192,887	204,336	205,690

¹ Interim represents the 2024 Budget projection for the 2023–24 fiscal year.² Vehicle and Driver Registration Fees in 2021–22 reflect the elimination and rebate of eligible licence plate renewal fees paid since March 1, 2020.

Note: Numbers may not add due to rounding.

Source: Ontario Ministry of Finance.

Table 3.11
Total Expense^{1,2}

(\$ Millions)

	Actual 2021–22	Actual 2022–23	Interim ³ 2023–24	Plan 2024–25
Ministry Expense				
Agriculture, Food and Rural Affairs (Base)	284	300	352	378.2
Demand-Driven Risk Management and Time-Limited Programs	358	502	577	477.5
COVID-19 Time-Limited Funding ⁴	32	30	–	–
Agriculture, Food and Rural Affairs (Total)	674	832	929	855.7
Attorney General (Base)	1,615	1,783	1,950	1,960.5
Statutory Appropriations — <i>Crown Liability and Proceedings Act, 2019</i>	49	79	36	–
Bad Debt Expense	7	30	25	5.3
Compensation Settlements	–	–	81	–
COVID-19 Time-Limited Funding ⁴	145	31	–	–
Attorney General (Total)	1,816	1,923	2,092	1,965.8
Board of Internal Economy (Base)	283	392	321	320.4
COVID-19 Time-Limited Funding ⁴	2	0	–	–
Board of Internal Economy (Total)	284	392	321	320.4
Children, Community and Social Services (Base)	16,717	17,991	19,438	19,925.7
COVID-19 Time-Limited Funding ⁴	293	48	–	–
Children, Community and Social Services (Total)	17,010	18,039	19,438	19,925.7
Citizenship and Multiculturalism (Base)	33	54	70	70.7
Time-Limited Investments	–	–	21	–
COVID-19 Time-Limited Funding ⁴	3	2	–	–
Citizenship and Multiculturalism (Total)	36	56	90	70.7
Colleges and Universities (Base) ⁵	9,542	10,714	11,244	10,818.8
Student Financial Assistance	954	1,019	1,332	1,370.3
COVID-19 Time-Limited Funding ⁴	117	32	–	–
Colleges and Universities (Total)	10,614	11,764	12,576	12,189.1
Economic Development, Job Creation and Trade (Base)	164	167	189	193.0
Tax Credits for Business Investment and Research and Development ⁶	258	299	537	550.9
Tax Credits for Business Investment and Research and Development — Amounts Related to Prior Years	46	22	18	–
Time-Limited Investments	157	540	609	1,935.6
COVID-19 Time-Limited Funding ⁴	360	46	–	–
Economic Development, Job Creation and Trade (Total)	985	1,074	1,352	2,679.5
Education (Base)	28,893	32,357	35,063	37,605.6
Teachers' Pension Plan	1,610	1,661	1,653	1,700.0
Compensation Settlements	–	1,266	1,532	–
COVID-19 Time-Limited Funding ⁴	1,060	918	–	–
Education (Total)	31,563	36,202	38,248	39,305.6
Energy (Base)	240	254	329	316.7
Electricity Cost-Relief Programs	6,313	5,844	6,120	7,336.1
COVID-19 Time-Limited Funding ⁴	274	2	–	–
Energy (Total)	6,827	6,100	6,448	7,652.9
Environment, Conservation and Parks (Base)	687	727	835	860.4
One-Time Accounting Adjustment for Contaminated Sites	–	–	80	–
COVID-19 Time-Limited Funding ⁴	16	17	–	–
Environment, Conservation and Parks (Total)	703	743	915	860.4

continued...

Table 3.11

Total Expense^{1,2} (continued)

(\$ Millions)

Ministry Expense	Actual 2021–22	Actual 2022–23	Interim³ 2023–24	Plan 2024–25
Executive Offices (Base)	49	55	68	66.8
COVID-19 Time-Limited Funding ⁴	2	0	–	–
Executive Offices (Total)	51	55	68	66.8
Finance (Base)	759	799	906	969.3
Investment Management Corporation of Ontario ⁷	210	245	296	312.7
Ontario Municipal Partnership Fund	502	501	502	501.9
Temporary and Other Local Assistance	21	21	68	41.0
Power Supply Contract Costs	67	48	39	43.7
Time-Limited Investments	–	174	119	–
COVID-19 Time-Limited Funding ⁴	231	0	–	–
Finance (Total)	1,789	1,789	1,930	1,868.6
Francophone Affairs (Base)	7	7	8	8.6
Time-Limited Investments	–	1	–	4.7
COVID-19 Time-Limited Funding ⁴	2	–	–	–
Francophone Affairs (Total)	9	8	8	13.3
Health (Base)	64,285	67,872	74,638	75,636.4
Compensation Settlements	–	970	2,080	–
Health (Total)⁸	64,285	68,842	76,717	75,636.4
COVID-19 Health Response⁹	6,167	3,331	–	–
Indigenous Affairs (Base)	85	111	134	137.0
One-Time Investments Including Settlements	152	6,273	17	–
COVID-19 Time-Limited Funding ⁴	4	1	–	–
Indigenous Affairs (Total)	241	6,384	151	137.0
Infrastructure (Base)	192	170	454	856.0
Federal–Provincial Infrastructure Programs	267	303	366	414.5
High-Speed Internet	75	328	316	1,376.9
Waterfront Toronto Revitalization (Port Lands Flood Protection)	156	25	25	30.2
Municipal Infrastructure Program Investments	399	396	393	672.1
Realty	1,174	1,195	1,198	1,340.8
COVID-19 Time-Limited Funding ⁴	10	–	–	–
Infrastructure (Total)	2,272	2,416	2,753	4,690.5
Labour, Immigration, Training and Skills Development (Base)	102	202	248	256.1
Training Tax Credits (Co-operative Education and Apprenticeship Training) ¹⁰	105	86	116	113.9
Demand-Driven Employment and Training Programs	1,016	1,269	1,294	1,268.3
Time-Limited Investments	–	–	13	–
COVID-19 Time-Limited Funding ⁴	794	310	–	–
Labour, Immigration, Training and Skills Development (Total)	2,017	1,866	1,670	1,638.3
Long-Term Care (Total)¹¹	5,301	6,305	7,750	9,324.6
Mines (Base)	135	147	191	209.1
One-Time Accounting Adjustment for Contaminated Sites	183	86	334	–
Mines (Total)	318	233	525	209.1

continued...

Table 3.11

Total Expense^{1,2} (continued)

(\$ Millions)

	Actual 2021–22	Actual 2022–23	Interim ³ 2023–24	Plan 2024–25
Ministry Expense				
Municipal Affairs and Housing (Base)	486	564	779	785.0
Time-Limited Investments	351	404	764	1,099.4
Social Housing Agreement — Payments to Service Managers ¹²	281	206	194	168.8
COVID-19 Time-Limited Funding ⁴	330	390	—	—
Municipal Affairs and Housing (Total)	1,447	1,563	1,738	2,053.2
Natural Resources and Forestry (Base)	605	613	666	680.2
Emergency Forest Firefighting	237	95	216	135.0
Compensation Settlements	—	—	26	—
COVID-19 Time-Limited Funding ⁴	12	2	—	—
Natural Resources and Forestry (Total)	855	710	907	815.1
Northern Development (Base)	605	661	719	762.3
COVID-19 Time-Limited Funding ⁴	41	—	—	—
Northern Development (Total)	646	661	719	762.3
Public and Business Service Delivery (Base) ¹³	613	963	1,131	743.0
COVID-19 Time-Limited Funding ⁴	141	201	—	—
Public and Business Service Delivery (Total)	754	1,165	1,131	743.0
Seniors and Accessibility (Base)	53	63	65	66.3
Seniors Tax Credits (Home Safety and Care at Home)	30	164	108	119.4
COVID-19 Time-Limited Funding ⁴	43	11	—	—
Seniors and Accessibility (Total)	127	237	173	185.6
Solicitor General (Base)	2,981	3,375	3,765	3,912.6
Compensation Settlements	—	—	233	—
COVID-19 Time-Limited Funding ⁴	150	96	—	—
Solicitor General (Total)	3,131	3,472	3,998	3,912.6
Tourism, Culture and Sport (Base)	833	829	840	870.2
Time-Limited Investments	—	—	—	50.0
Ontario Cultural Media Tax Credits	693	833	841	1,034.4
Ontario Cultural Media Tax Credits — Amounts Related to Prior Years	84	51	89	—
COVID-19 Time-Limited Funding ⁴	257	200	—	—
Tourism, Culture and Sport (Total)	1,868	1,913	1,770	1,954.7
Transportation (Base)	4,854	5,547	6,388	6,390.4
Federal–Provincial Infrastructure Programs	557	477	743	708.4
Time-Limited Investments	—	—	729	—
Compensation Settlements	—	—	25	—
COVID-19 Time-Limited Funding ⁴	369	609	—	—
Transportation (Total)	5,780	6,633	7,885	7,098.7

continued...

Table 3.11

Total Expense^{1,2} (continued)

(\$ Millions)

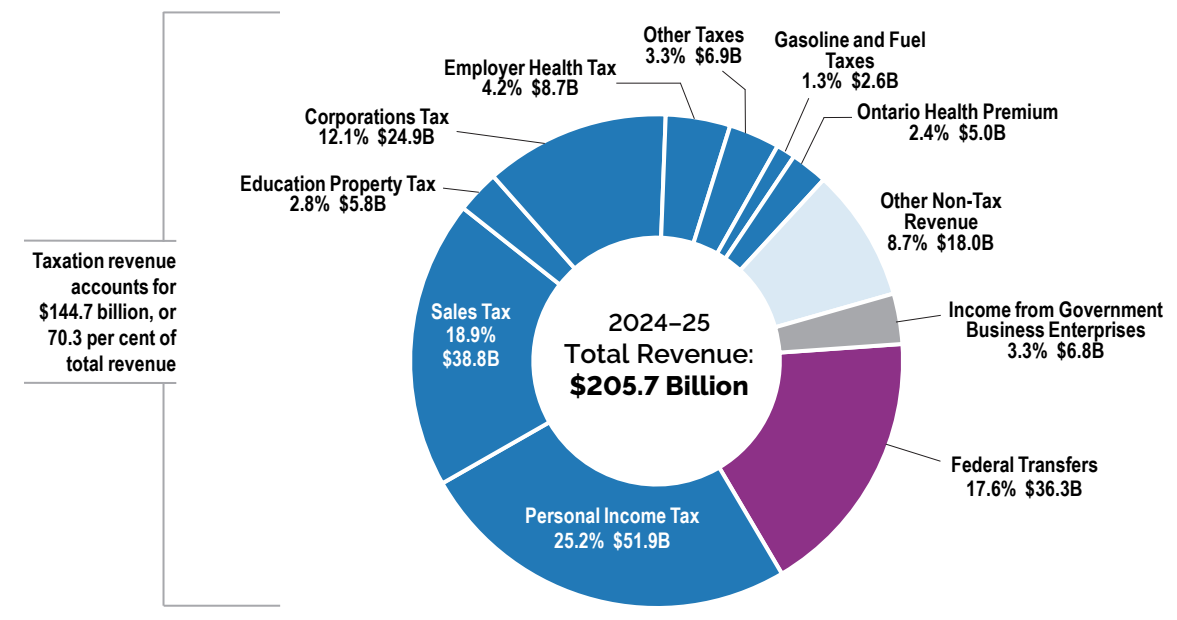
Ministry Expense	Actual 2021–22	Actual 2022–23	Interim ³ 2023–24	Plan 2024–25
Treasury Board Secretariat (Base) ¹³	315	476	633	918.1
Employee and Pensioner Benefits	2,633	1,178	1,035	1,223.5
Operating Contingency Fund	–	–	500	1,405.4
Capital Contingency Fund	–	–	–	100.0
COVID-19 Time-Limited Funding ⁴	2	0	–	–
Treasury Board Secretariat (Total)	2,950	1,654	2,168	3,647.0
Interest on Debt¹⁴	12,583	12,389	12,843	13,913.0
Total Expense	183,103	198,750	207,313	214,495.9

¹ Numbers reflect current ministry structure.² Ministry expenses have been restated for reclassification and program transfer changes. These changes are fiscally neutral. The actual results are presented on a similar basis for consistency.³ Interim represents the 2024 Budget projection for the 2023–24 fiscal year.⁴ COVID-19 Time-Limited Funding is no longer reported separately, starting in 2023–24.⁵ Projected to decline from 2023–24 to 2024–25 primarily due to lower college spending as a result of the federal government announcement to cap international student study permit applications for two years, beginning in 2024.⁶ Includes the estimated cost of tax credit claims for the Regional Opportunities Investment Tax Credit, the Ontario Made Manufacturing Investment Tax Credit (OMMITC), the Ontario Innovation Tax Credit and the Ontario Business-Research Institute Tax Credit. The OMMITC was introduced in the 2023 Budget with costs commencing in 2023–24.⁷ Based on the requirements of Public Sector Accounting Standards, the Ontario government consolidates the financial results of the Investment Management Corporation of Ontario.⁸ Includes accounting adjustments tied primarily to grants provided for infrastructure projects and other related investments.⁹ For presentation purposes in the 2024 Budget, Time-Limited COVID-19-related health response spending has been included separately for 2021–22 to 2022–23 instead of within the Ontario Ministry of Health and Ontario Ministry of Long-Term Care.¹⁰ The Co-operative Education Tax Credit remains in effect. The Apprenticeship Training Tax Credit is eliminated for eligible apprenticeship programs that commenced on or after November 15, 2017. Amounts from 2021–22 to 2023–24 include tax credit amounts related to prior years; however, a decrease in costs of \$18 million for the Apprenticeship Training Tax Credit in 2022–23 was reported separately as revenue.¹¹ The Ontario Ministry of Long-Term Care total includes expenses incurred by Ontario Health and hospitals for funding for long-term care. These amounts will be consolidated in the total expense of the Ontario Ministry of Health, including \$4.4 billion for interim 2023–24 and \$5.2 billion in 2024–25.¹² The annual decline from 2021–22 to 2023–24 is mainly due to declining federal obligations, such as maturing mortgages, under the Social Housing Agreement.¹³ Funding for Supply Ontario will transfer from the Ministry of Public and Business Service Delivery to Treasury Board Secretariat as of April 1, 2024, to reflect ministerial responsibility for oversight of the provincial agency.¹⁴ Interest on debt is net of interest capitalized during construction of tangible capital assets of \$321 million in 2021–22, \$694 million in 2022–23, \$573 million in 2023–24 and \$865 million in 2024–25.

Note: Numbers may not add due to rounding.

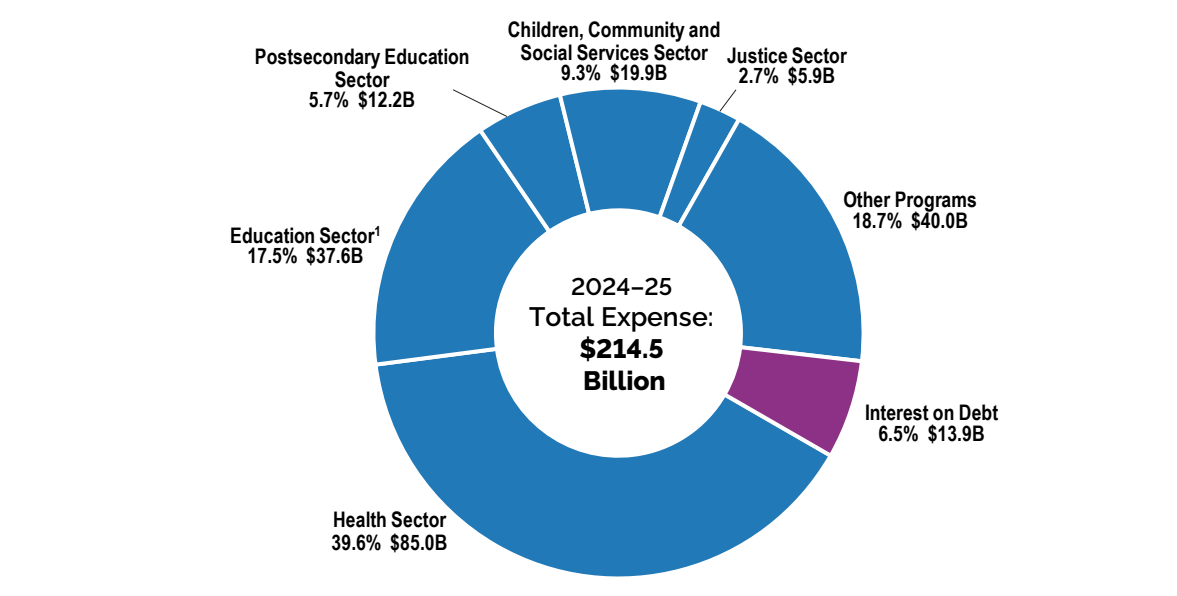
Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

Chart 3.4
Composition of Total Revenue, 2024–25



Note: Numbers may not add due to rounding.
Source: Ontario Ministry of Finance.

Chart 3.5
Composition of Total Expense, 2024–25



¹ Excludes Teachers’ Pension Plan. Teachers’ Pension Plan expense is included in Other Programs.
Note: Numbers may not add due to rounding.
Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

Table 3.12
Infrastructure Expenditures

(\$ Millions)

Sector	Total Infrastructure Expenditures Interim ^{1,2} 2023–24	2024–25 Plan		
		Investment in Capital Assets ³	Transfers and Other Infrastructure Expenditures ⁴	Total Infrastructure Expenditures
Transportation				
Transit	8,638	9,535	1,160	10,695
Provincial Highways	3,285	3,649	222	3,872
Other Transportation, Property and Planning	188	137	81	218
Health				
Hospitals	3,348	3,545	37	3,582
Other Health	640	47	255	303
Education	3,316	3,127	223	3,350
Postsecondary Education				
Colleges and Other	765	792	87	879
Universities	113	–	130	130
Social	435	26	949	975
Justice	514	860	48	908
Other Sectors⁵	2,874	1,089	3,219	4,307
Total Infrastructure Expenditures	24,117	22,808	6,412	29,220
Less: Other Partner Funding ⁶	3,176	2,972	–	2,972
Total⁷	20,941	19,836	6,412	26,248

¹ Interim represents the 2024 *Budget* projection for the 2023–24 fiscal year.

² Includes provincial investment in capital assets of \$14.7 billion.

³ Includes \$865 million in interest capitalized during construction.

⁴ Includes transfers to municipalities, universities and non-consolidated agencies.

⁵ Includes high-speed internet infrastructure, government administration, natural resources, and culture and tourism industries.

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

⁷ Includes Federal–Municipal contributions to provincial infrastructure investments.

Note: Numbers may not add due to rounding.

Source: Ontario Treasury Board Secretariat.

Table 3.13

10-Year Review of Selected Financial and Economic Statistics¹

(\$ Millions)

	2015–16	2016–17	2017–18
Revenue	136,148	140,734	150,696
Expense			
Programs	129,905	131,442	142,464
Interest on Debt ²	11,589	11,727	11,912
Total Expense	141,494	143,169	154,375
Reserve	—	—	—
Surplus/(Deficit)	(5,346)	(2,435)	(3,679)
Net Debt	306,357	314,077	323,068
Accumulated Deficit	203,014	205,939	208,257
Gross Domestic Product (GDP) at Market Prices	760,435	790,749	824,979
Primary Household Income	512,570	520,486	541,501
Population (000s) — July ³	13,709	13,877	14,078
Net Debt per Capita (Dollars)	22,347	22,634	22,948
Household Income per Capita (Dollars)	37,389	37,508	38,463
Net Debt as a Per Cent of Revenue	225.0%	223.2%	214.4%
Interest on Debt as a Per Cent of Revenue	8.5%	8.3%	7.9%
Net Debt as a Per Cent of GDP	40.3%	39.7%	39.2%
Accumulated Deficit as a Per Cent of GDP	26.7%	26.0%	25.2%

¹ Amounts reflect a change in pension expense that was calculated based on recommendations of the Independent Financial Commission of Inquiry, as described in Note 19 to the Consolidated Financial Statements, in *Public Accounts of Ontario 2017–2018*. Amounts for net debt and accumulated deficit also reflect this change.

² Interest on debt is net of interest capitalized during construction of tangible capital assets of \$321 million in 2021–22, \$694 million in 2022–23, \$573 million in 2023–24 and \$865 million in 2024–25.

³ Population figures are for July 1 of the fiscal year indicated (i.e., for 2023–24, the population on July 1, 2023, is shown).

⁴ Interim represents the 2024 *Budget* projection for the 2023–24 fiscal year.

Note: Numbers may not add due to rounding.

Sources: Statistics Canada, Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

2018–19	2019–20	2020–21	2021–22	Actual 2022–23	Interim ⁴ 2023–24	Plan 2024–25
153,804	156,167	164,970	185,128	192,887	204,336	205,690
148,747	152,265	168,964	170,520	186,361	194,470	200,583
12,385	12,497	12,296	12,583	12,389	12,843	13,913
161,132	164,762	181,260	183,103	198,750	207,313	214,496
–	–	–	–	–	–	1,000
(7,328)	(8,595)	(16,290)	2,025	(5,863)	(2,977)	(9,806)
337,623	352,382	372,501	382,842	400,484	414,814	439,056
215,770	224,814	238,231	238,160	246,804	249,781	259,587
860,103	893,224	874,354	960,226	1,048,258	1,091,497	1,120,967
567,484	593,065	592,514	642,859	695,228	739,268	768,844
14,327	14,574	14,762	14,842	15,145	15,608	16,021
23,566	24,180	25,234	25,794	26,443	26,576	27,405
39,610	40,695	40,138	43,312	45,905	47,364	47,990
219.5%	225.6%	225.8%	206.8%	207.6%	203.0%	213.5%
8.1%	8.0%	7.5%	6.8%	6.4%	6.3%	6.8%
39.3%	39.5%	42.6%	39.9%	38.2%	38.0%	39.2%
25.1%	25.2%	27.2%	24.8%	23.5%	22.9%	23.2%



Chapter 4

Borrowing and Debt Management

Introduction

As Ontario continues on its path to balance the budget, the borrowing program remains responsibly and prudently managed to minimize interest on debt (IOD).

Ontario has completed \$41.8 billion in long-term borrowing in 2023–24. This is \$14.3 billion higher than anticipated in the *2023 Budget*, primarily as a result of non-cash and cash timing adjustments, a modestly higher deficit for 2023–24 and higher year-end cash levels to pre-borrow for future years' funding needs. The 2024–25 and 2025–26 long-term public borrowing forecasts are \$38.2 billion and \$37.7 billion, an increase of \$9.5 billion and \$4.3 billion from the *2023 Budget* forecast, respectively, but only \$0.8 billion and \$0.7 billion higher than the forecast in the *2023 Ontario Economic Outlook and Fiscal Review*. Long-term public borrowing for 2026–27 is forecast to be \$32.8 billion.

Ontario is forecast to pay \$12.8 billion in interest costs in 2023–24, \$13.9 billion in 2024–25 and \$14.7 billion in 2025–26, down from the *2023 Budget* forecast of \$14.1 billion, \$14.4 billion and \$15.1 billion, respectively. These lower interest costs total a cumulative savings of more than \$2 billion over the three years, due to lower than projected borrowing costs. Interest costs in 2026–27 are forecast to be \$15.2 billion.

Ontario continues to make progress on its debt burden reduction strategy. The net debt-to-GDP ratio is now forecast to be 38.0 per cent in 2023–24, 39.2 per cent in 2024–25, 39.5 per cent in 2025–26 and 39.1 per cent in 2026–27.

Ontario's net debt-to-revenue is forecast to be 203 per cent in 2023–24, 214 per cent in 2024–25, 211 per cent in 2025–26 and 209 per cent in 2026–27.

Ontario's interest on debt-to-revenue is forecast to be 6.3 per cent in 2023–24, 6.8 per cent in 2024–25 and 2025–26, and 6.7 per cent in 2026–27.

Borrowing Program

Ontario's borrowing program is primarily used to fund deficits, refinance maturing debt, and make investments in capital assets. Ontario will continue to finance most of its borrowing program in the long-term public markets in Canada and internationally.

Table 4.1

2023–24 Borrowing Program and Medium-Term Outlook

(\$ Billions)

	2023–24		Medium-Term Outlook			
	2023 Budget	Change from 2023 Budget	Interim ¹ 2023–24	2024–25	2025–26	2026–27
Deficit/(Surplus)	1.3	1.7	3.0	9.8	4.6	(0.5)
Investment in Capital Assets	13.6	1.2	14.7	17.7	20.2	20.4
Non-Cash and Cash Timing Adjustments	(9.2)	7.6	(1.6)	(11.0)	(12.0)	(13.9)
Net Loans and Investments	0.1	(0.4)	(0.2)	(0.3)	0.1	–
Debt Maturities and Redemptions	31.2	–	31.2	28.0	33.1	26.9
Total Funding Requirement	37.0	10.1	47.1	44.2	46.0	32.8
Decrease/(Increase) in Short-Term Borrowing	–	–	–	(5.0)	–	–
Increase/(Decrease) in Year-End Cash and Cash Equivalents ²	5.0	4.3	9.3	(1.0)	(8.3)	–
Pre-borrowing in 2022–23 for 2023–24	(14.5)	–	(14.5)	–	–	–
Total Long-Term Borrowing	27.5	14.3	41.8	38.2	37.7	32.8

¹ Interim represents the 2024 Budget projection for the 2023–24 fiscal year.

² Starting in 2024–25, pre-borrowing will be reflected as part of the increase in year-end cash and cash equivalents.

Note: Numbers may not add due to rounding.

Source: Ontario Financing Authority.

Ontario has completed \$41.8 billion in long-term borrowing in 2023–24. This is \$14.3 billion higher than anticipated in the 2023 Budget, primarily as a result of non-cash and cash timing adjustments, a modestly higher deficit for 2023–24 and higher year-end cash levels to pre-borrow for future years' funding needs. The 2024–25 and 2025–26 long-term public borrowing forecasts are \$38.2 billion and \$37.7 billion, an increase of \$9.5 billion and \$4.3 billion from the 2023 Budget forecast, respectively, but only \$0.8 billion and \$0.7 billion higher than the forecast in the 2023 Ontario Economic Outlook and Fiscal Review. Long-term public borrowing for 2026–27 is forecast to be \$32.8 billion.

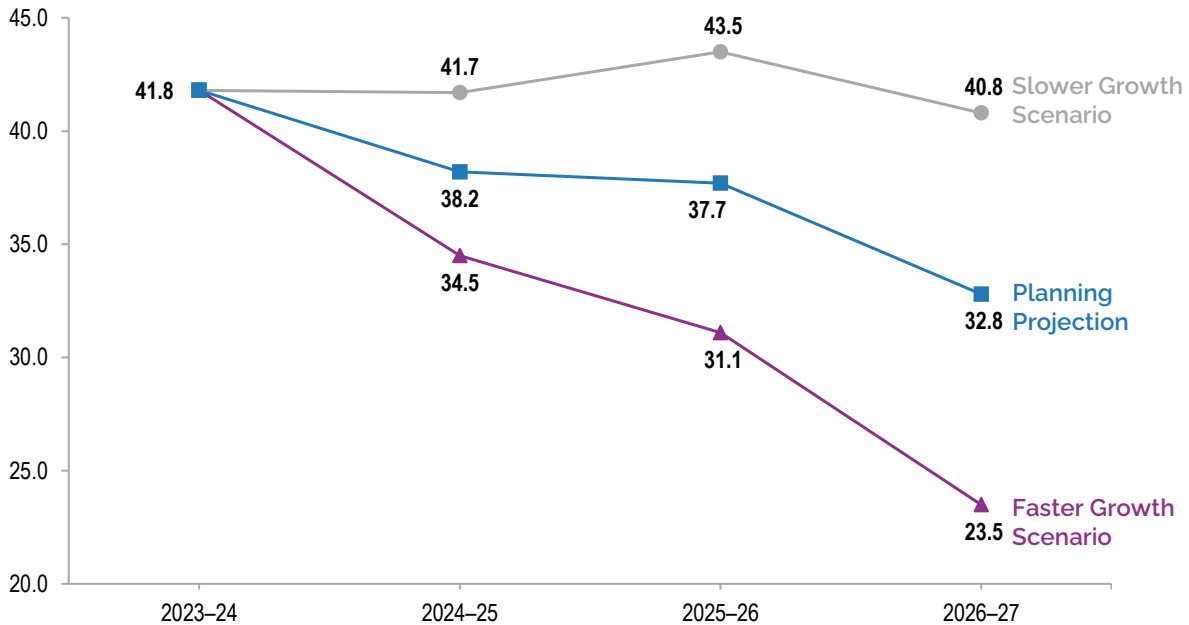
Year-end cash and cash equivalents are forecast to decrease by \$1.0 billion in 2024–25 and \$8.3 billion in 2025–26. Starting in 2024–25, pre-borrowing will be reflected as part of the increase in year-end cash and cash equivalents, rather than having a separate line for pre-borrowing.

Ontario plans to increase short-term borrowing by \$5.0 billion in 2024–25. This positions Ontario to respond to recent changes in market demand for short-term Ontario debt. It will also maintain the proportion of short-term debt as a percentage of total debt outstanding within the target range of five to seven per cent, as it has been over the past 10 years.

In the event that alternative economic scenarios materialize, Ontario's borrowing requirements in the next three years would also change (see Chapter 3: *Continuing to Invest in the Plan to Build: Ontario's Fiscal Plan and Outlook* for more details, and a description of the resulting alternative medium-term outlook scenarios). Under the Faster Growth scenario, long-term borrowing would decrease by a total of \$19.6 billion over the three-year outlook period, while under the Slower Growth scenario, long-term borrowing would increase by \$17.3 billion over the same period.

Chart 4.1
Borrowing Outlook Scenarios for Long-Term Borrowing

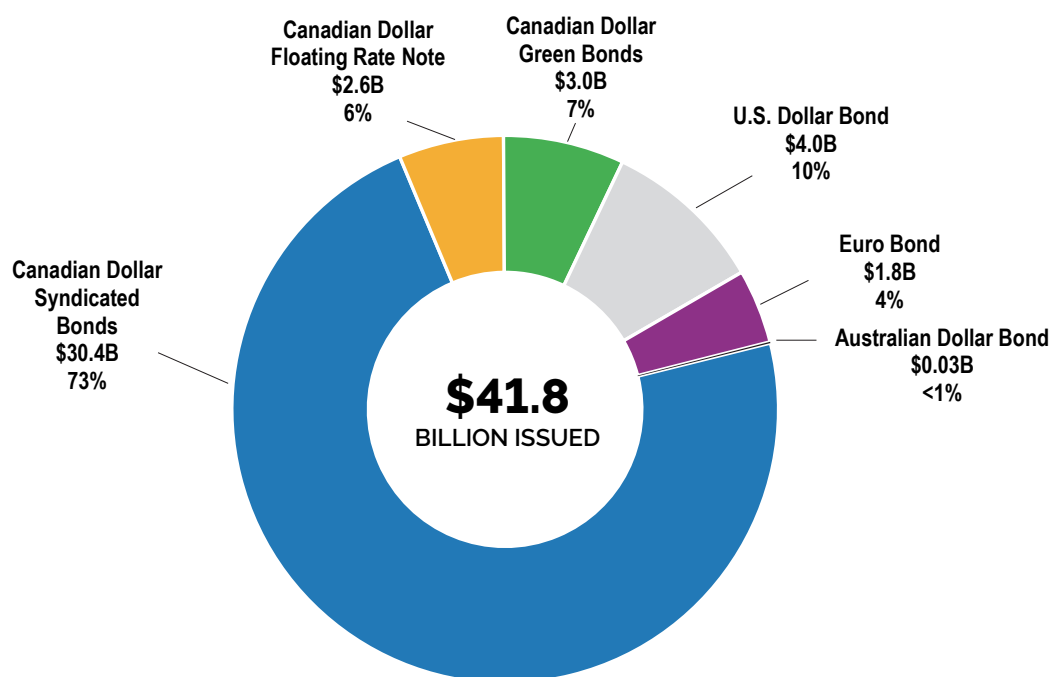
Total Long-Term Borrowing
(\$ Billions)



Sources: Ontario Financing Authority and Ontario Ministry of Finance.

Approximately 86 per cent of 2023–24 long-term borrowing was completed in Canadian dollars, through 36 syndicated issues, one floating rate note and two Green Bonds. This percentage was within Ontario’s target range for domestic borrowing of 75 to 90 per cent for the 2023–24 fiscal year. Based on the combined experience of the last five fiscal years, Ontario’s target range for domestic borrowing will remain unchanged for 2024–25. This range will be adjusted, if necessary, in response to evolving investor demand in the Canadian dollar and foreign currency debt markets.

Chart 4.2
2023–24 Borrowing

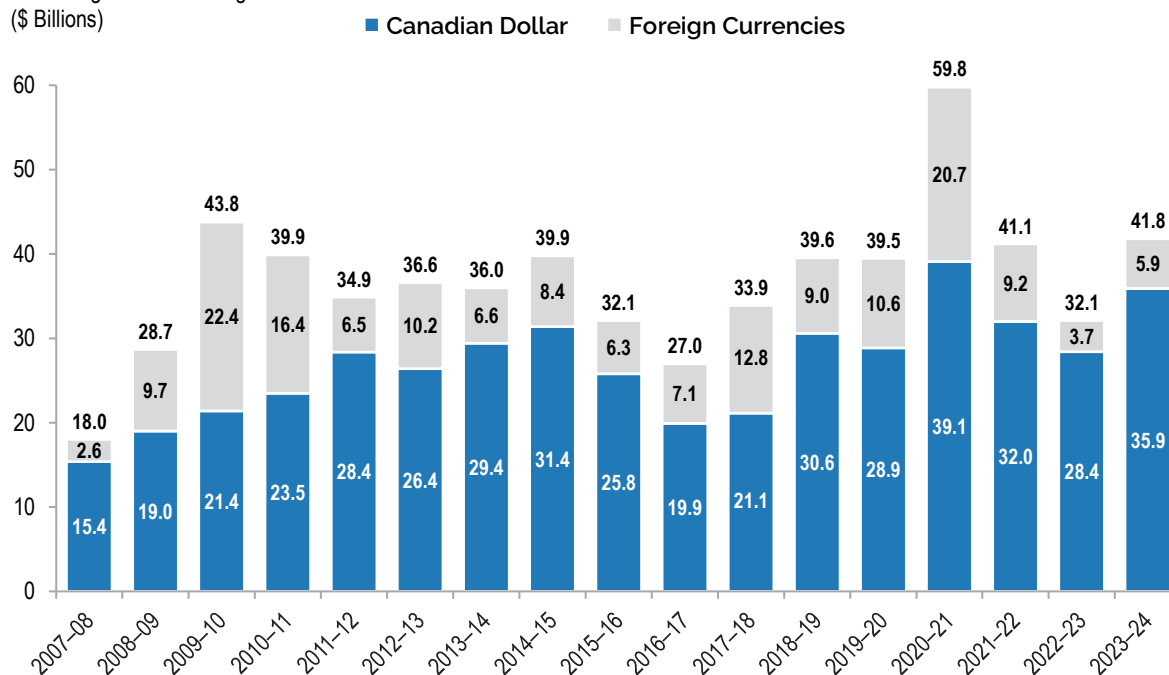


Note: Numbers may not add due to rounding.
Source: Ontario Financing Authority.

Foreign currency borrowing helps reduce Ontario's overall borrowing costs by continuing to diversify Ontario's investor base. This diversification ensures the province will continue to have access to capital even if domestic market conditions become challenging. Approximately \$5.9 billion, or 14 per cent of this year's long-term borrowing, was completed in foreign currencies, primarily in U.S. dollars and euros.

Chart 4.3
Domestic and International Borrowing

Total Long-Term Borrowing
(\$ Billions)



Note: Numbers may not add due to rounding.

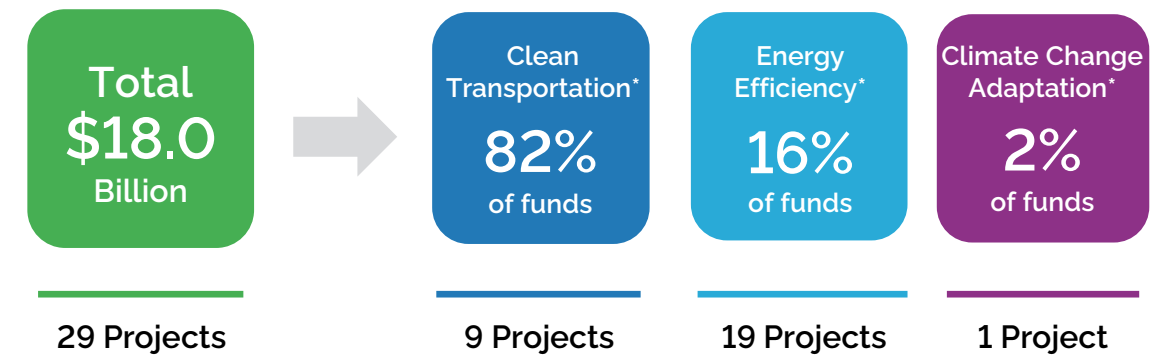
Source: Ontario Financing Authority.

Sustainable Bond Program

Green Bonds have been a core component of Ontario’s borrowing program since 2014. They are an important tool to help finance public transit initiatives, extreme weather-resistant infrastructure, as well as energy efficiency and conservation projects. Ontario remains the largest and most frequent issuer of Canadian dollar Green Bonds, with 15 issues totalling \$18.0 billion since 2014–15 and \$15.95 billion outstanding.

In January 2024, the government released the new *Ontario Sustainable Bond Framework*, replacing its *Green Bond Framework* from 2014. The new framework will allow for a broader range of potential bond offerings in the future, including emissions-free nuclear power.

Chart 4.4
Green Bond Allocation by Framework Category



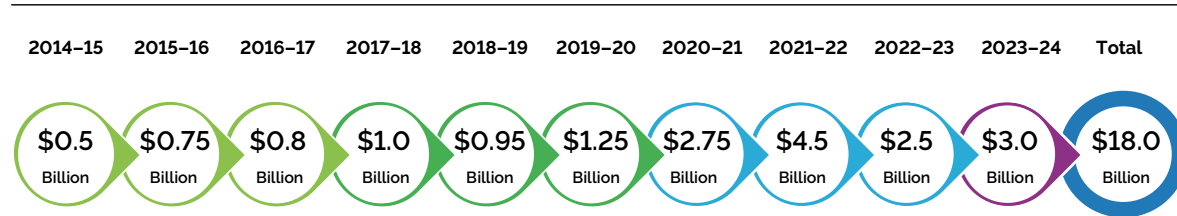
*Data include bonds issued under the 2014 *Green Bond Framework*, categories have been updated to align with those in the new 2024 *Ontario Sustainable Bond Framework*.
Note: Numbers may not add due to rounding.
Source: Ontario Financing Authority.

On February 29, 2024, Ontario issued a \$1.5 billion Green Bond. This was the second Green Bond issued in 2023–24, fifteenth Green Bond overall, and Ontario’s first Green Bond issued under the new *Ontario Sustainable Bond Framework*. Five projects were selected to receive funding from the most recent Green Bond:

- GO Transit Expansion;
- Hazel McCallion Light Rail Transit;
- Ontario Line Subway;
- Scarborough Subway Extension; and
- Electric Vehicle (EV) ChargeON.

Ontario plans to continue its leadership in the Canadian dollar Green Bond market and, subject to market conditions, will issue multiple Green Bonds each fiscal year, including in 2024–25.

Chart 4.5
Ontario's Green Bond Issues

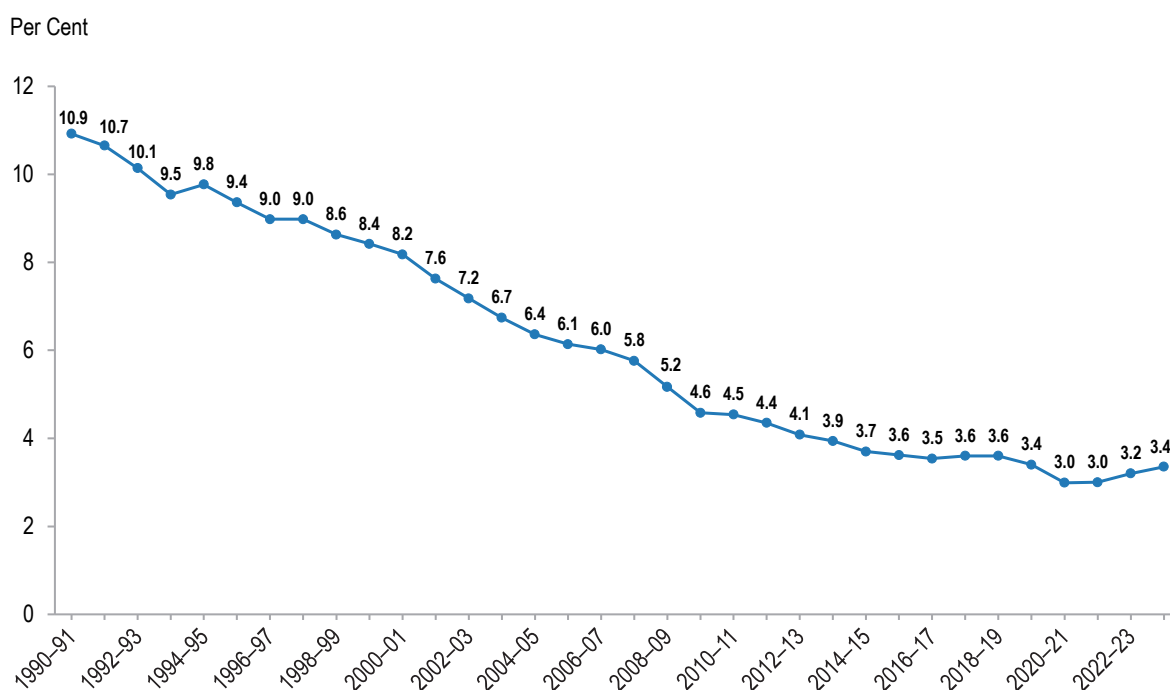


Source: Ontario Financing Authority.

Cost of Debt

After a three-decade decline, interest rates have risen as central banks, including the Bank of Canada and the U.S. Federal Reserve, have raised overnight interest rates since early 2022. Interest rates have remained elevated throughout 2023 and into 2024. Chart 4.6 shows that while the effective interest rate on Ontario's debt has risen modestly, it remains low in historical terms due to the decision to lock in long-term rates to extend the term of debt.

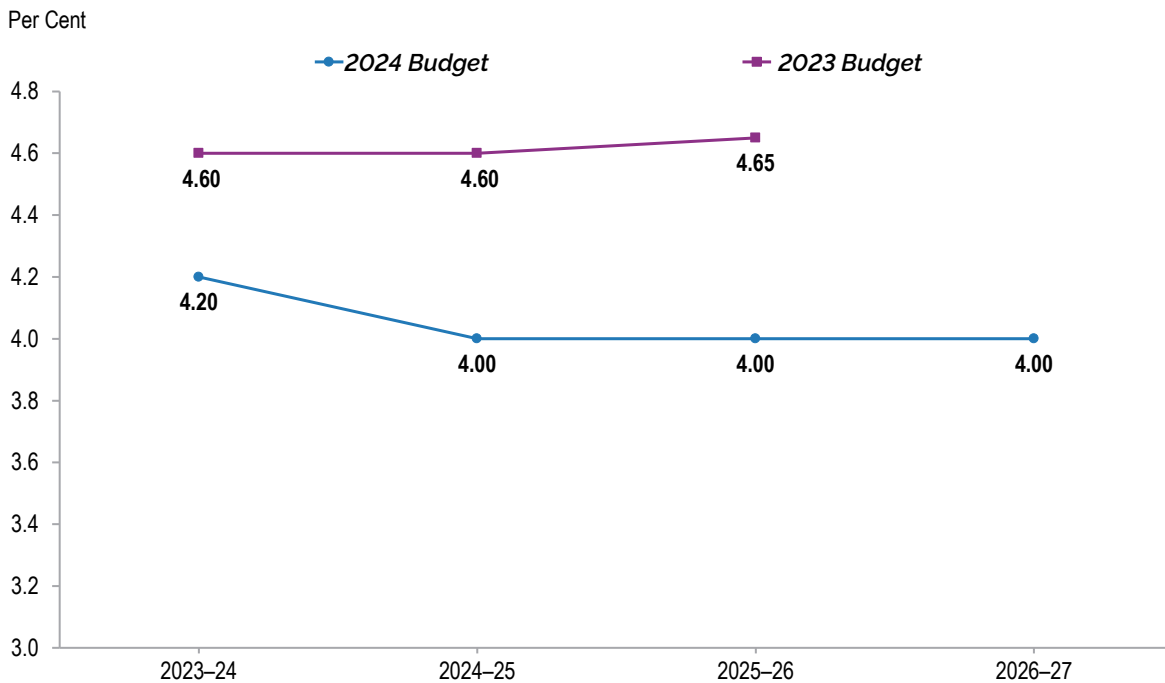
Chart 4.6
Effective Interest Rate (Weighted Average) on Total Debt



Sources: *Public Accounts of Ontario* (1990-1991 to 2022-2023) and Ontario Financing Authority.

Ontario's borrowing costs for 2023–24 are now estimated to be 4.2 per cent, 40 basis points lower than forecasted in the *2023 Budget*, as shown in Chart 4.7. Borrowing costs in 2024–25 and 2025–26 are also projected to be lower than forecasted in the *2023 Budget* by an even greater margin. A one percentage point change in interest rates, either up or down from the current interest rate forecast, is estimated to have a corresponding change in Ontario's borrowing costs of approximately \$0.7 billion in the first full year.

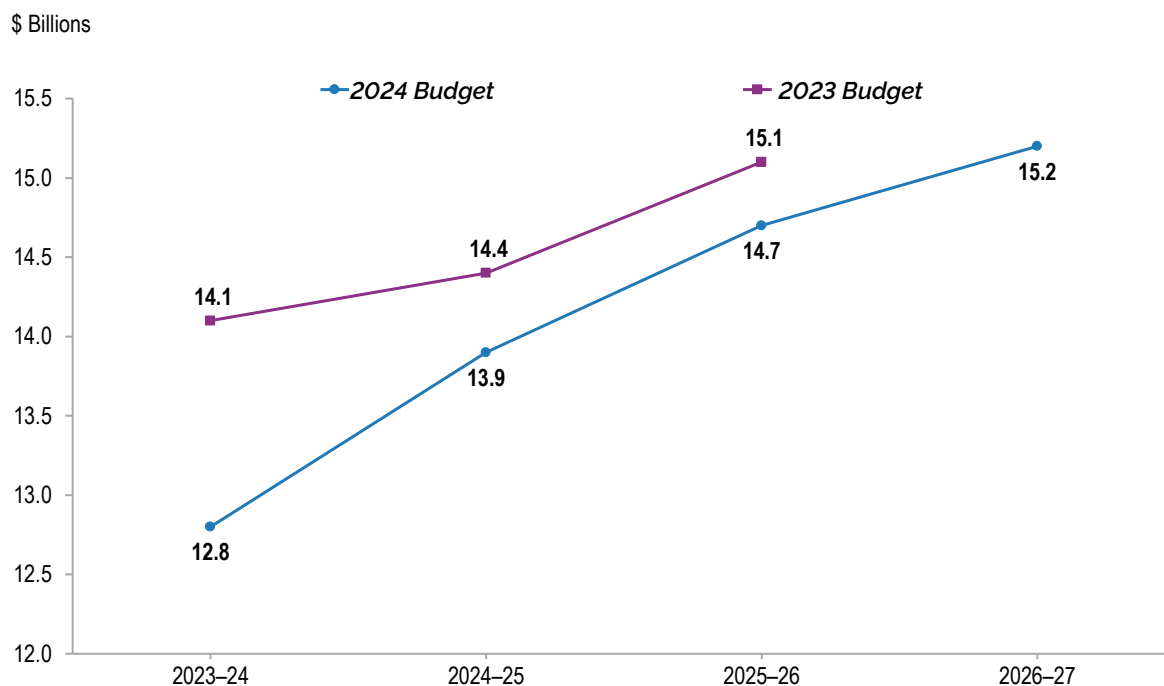
Chart 4.7
Comparison of Average Annual Ontario Borrowing Rate Forecast



Source: Ontario Financing Authority.

Ontario is forecast to pay \$12.8 billion in interest costs in 2023–24, \$13.9 billion in 2024–25 and \$14.7 billion in 2025–26, down from the *2023 Budget* forecasts of \$14.1 billion, \$14.4 billion and \$15.1 billion, respectively. These lower interest costs total a cumulative savings of more than \$2 billion over three years, due to lower than projected borrowing costs.

Chart 4.8
Comparison of Interest on Debt Expense Forecast



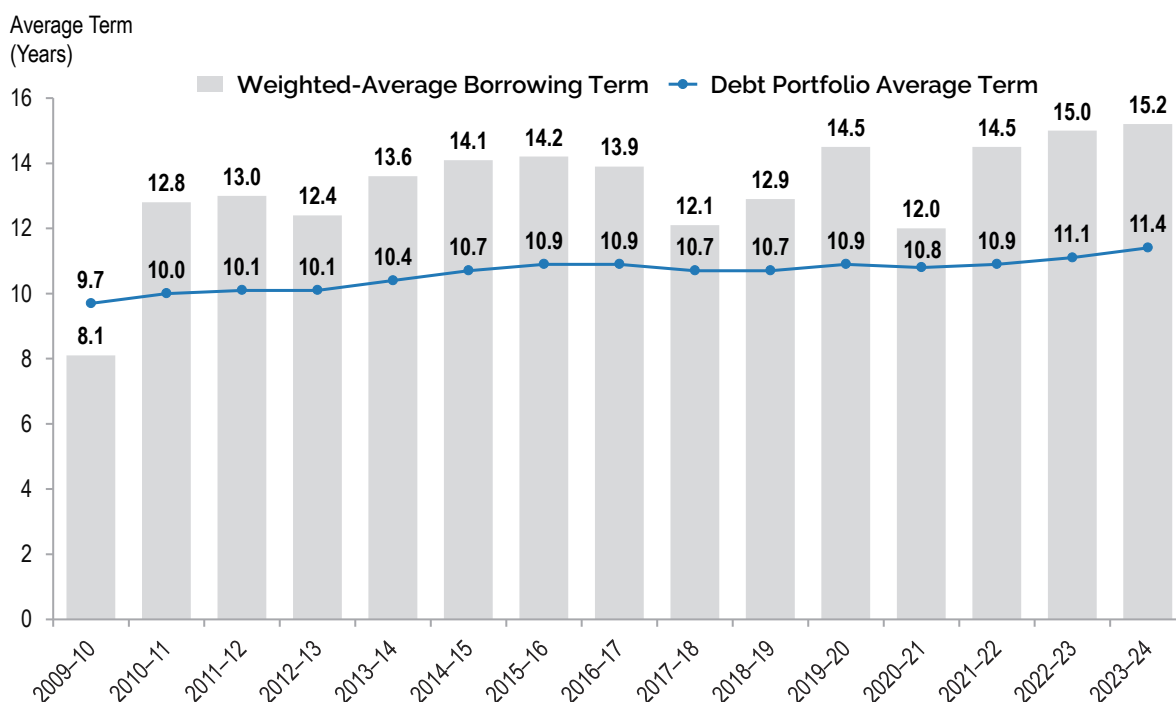
Source: Ontario Financing Authority.

Term of Debt

Ontario has continued to extend the term of its debt, to reduce refinancing risk on maturing debt. This also protects the IOD forecast against further increases in interest rates in the long term. Ontario has issued \$137.0 billion of bonds, or almost one-third of total debt outstanding, with maturities of 30 years or longer since 2010–11. This includes \$12.8 billion in 2023–24.

The success Ontario has had in extending the term of its debt from the time of the Global Financial Crisis has created flexibility for managing its large borrowing program and debt portfolio. Due to the extension of the term of debt in recent years, the impact on IOD in the short term and medium term has been lessened. Given interest rates have risen to near historical averages, Ontario will monitor the market and adjust the debt term strategy in the future, if necessary, in response to further changes to interest rates and the yield curve.

Chart 4.9
Weighted-Average Term of Borrowings



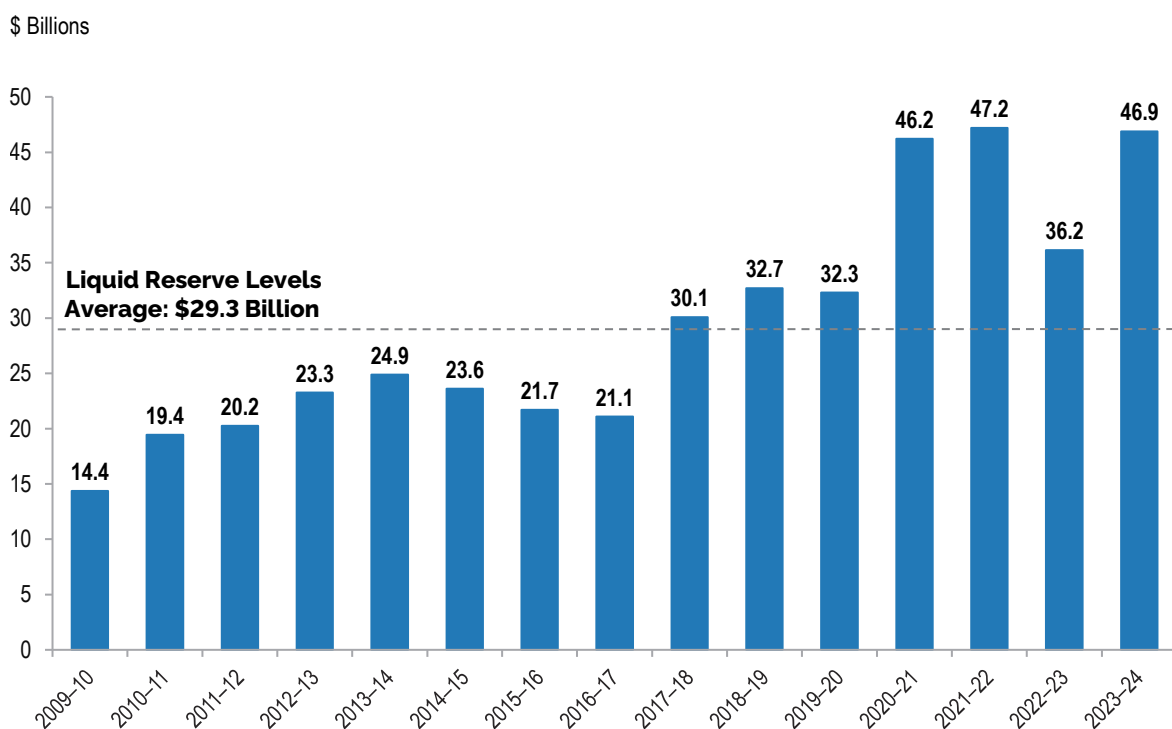
Source: Ontario Financing Authority.

Ensuring Adequate Liquidity Levels

Ontario aims to maintain an optimal level of cash reserves that balances potential holding costs with the need to have adequate funds to meet its financial obligations in a timely manner, as well as to be able to respond promptly to unforeseen market events or economic shocks. With short-term interest rates higher than long-term rates through 2023–24, holding liquid reserves reduced IOD as short-term investments earned more income than Ontario’s cost of borrowing long-term debt.

Ontario’s cash reserves averaged \$46.9 billion in 2023–24. As shown in Chart 4.10, this is higher than the average in the previous fiscal year, reflecting higher operating requirements, investments in infrastructure and debt maturities.

Chart 4.10
Average Unrestricted Liquid Reserve Levels



Source: Ontario Financing Authority.

Debt Burden Reduction Strategy

The government remains committed to reducing the debt burden and putting Ontario's finances back on a more sustainable path. As a result, Ontario has maintained the targets set in the *2023 Budget* and continues to make progress towards achieving them over the medium-term outlook. In addition, Ontario's path to balance by 2026–27 will further support progress towards its debt burden reduction strategy.

Making Progress on the Debt Burden Reduction Strategy

The *2024 Budget* includes an updated debt burden reduction strategy that continues to focus on meeting the established targets over the medium-term outlook for the relevant measures of debt sustainability. These targets are reviewed annually, based on the latest economic and fiscal conditions, to ensure Ontario is making progress towards reducing the debt burden. Meeting these targets on a sustained basis would help improve Ontario's credit rating profile and lower Ontario's cost of borrowing. This would result in less money being required to pay for interest on debt, while freeing up resources for other priorities. The targets, which remain unchanged from the *2023 Budget*, are:

Net debt-to-GDP to stay below **40.0 per cent**

Net debt-to-revenue to be below **200 per cent**

IOD-to-revenue to stay below **7.5 per cent**

Table 4.2

Progress on Relevant Debt Sustainability Measures

(Per Cent)

		2023 Budget 2023–24 Forecast	2023 FES 2023–24 Forecast	2024 Budget 2023–24 Forecast	2024 Budget 2024–25 Forecast
Net Debt-to-GDP	<40.0	37.8	38.4	38.0	39.2
Net Debt-to-Revenue	<200	199	206	203	214
Interest on Debt-to-Revenue	<7.5	6.9	6.7	6.3	6.8

Note: 2023 FES is defined as the 2023 Ontario Economic Outlook and Fiscal Review.

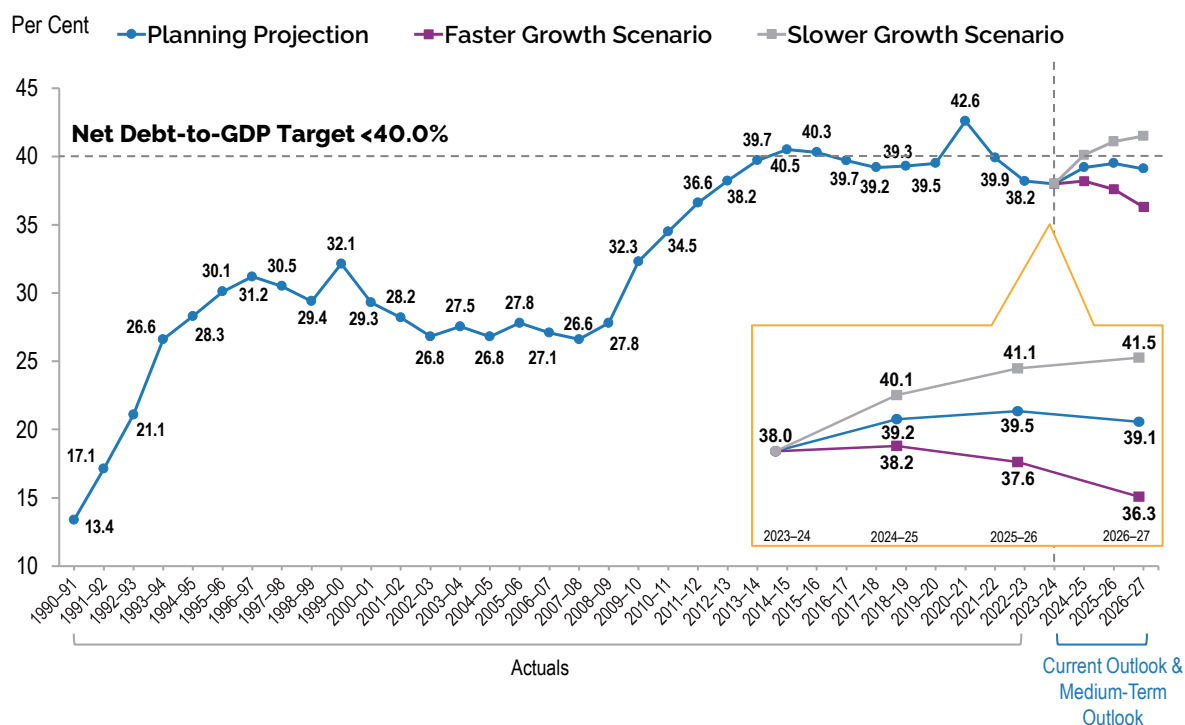
Source: Ontario Financing Authority.

Ontario's net debt-to-GDP is projected to be 38.0 per cent in 2023–24, 39.2 per cent in 2024–25 and 39.5 per cent in 2025–26. In comparison to the *2023 Budget*, the ratio increased by 0.2 percentage points, 1.5 percentage points and 2.6 percentage points, respectively. The increase in this ratio over the medium-term outlook is primarily due to higher than projected deficits and investments in infrastructure. The ratio is forecast to be 39.1 per cent in 2026–27. This ratio measures the relationship between a government's obligations and its ability to meet them, indicating the burden of government debt as a share of the economy.

When compared to the *2023 Ontario Economic Outlook and Fiscal Review*, the ratio decreased by 0.4 percentage points in 2023–24, followed by increases of 0.1 percentage points in 2024–25 and 0.8 percentage points in 2025–26. However, when further compared to the *2022 Budget*, the ratio decreased by 3.4 percentage points in 2023–24, 2.1 percentage points in 2024–25 and 1.5 percentage points in 2025–26. These trends indicate that although the net debt-to-GDP ratio increased in comparison to the *2023 Budget*, it remains relatively consistent or lower than in other recently published forecasts.

Over the medium-term outlook, the net debt-to-GDP ratio is forecast to stay below the target of 40.0 per cent, demonstrating that Ontario continues to make positive progress towards reducing the debt burden, while remaining committed to the target originally set in the *2023 Budget*.

Chart 4.11
Net Debt-to-GDP



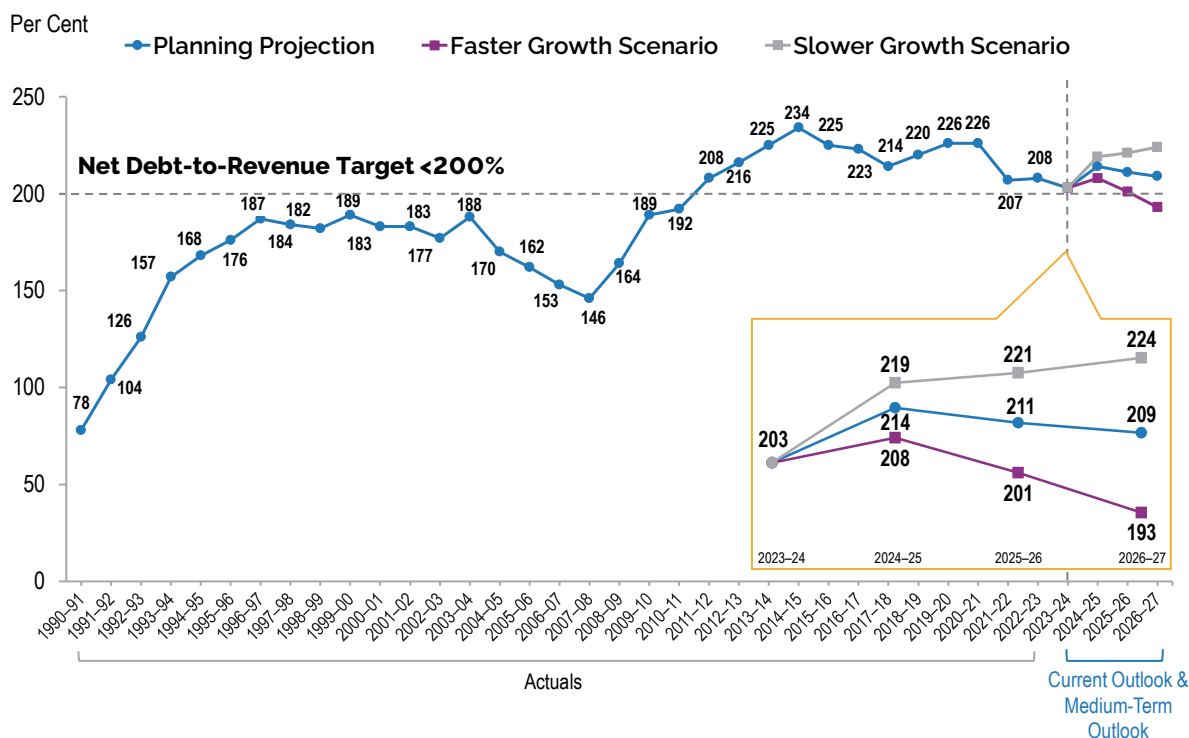
Note: See Chapter 3: *Continuing to Invest in the Plan to Build: Ontario's Fiscal Plan and Outlook* for details on the Faster Growth and Slower Growth scenarios.
Sources: Statistics Canada and Ontario Ministry of Finance.

Ontario's net debt-to-revenue is projected to be 203 per cent in 2023–24, 214 per cent in 2024–25 and 211 per cent in 2025–26. In comparison to the *2023 Budget*, the ratio increased by 4 percentage points, 16 percentage points and 21 percentage points, respectively. The increase in this ratio over the medium-term outlook is primarily due to reduced revenues as a result of lower projected economic growth, updated tax receipts information and investments in infrastructure. The ratio is forecast to be 209 per cent in 2026–27. This ratio is an indicator of how many years it would take to eliminate the debt if the Ontario government were to spend all its annual revenue on debt repayment.

When compared to the *2023 Ontario Economic Outlook and Fiscal Review*, the ratio decreased by 3 percentage points in 2023–24, followed by increases of 3 percentage points in 2024–25 and 7 percentage points in 2025–26. However, when further compared to the *2022 Budget*, the ratio decreased by 36 percentage points in 2023–24 and 25 percentage points in 2024–25 and 2025–26. These trends indicate that although the net debt-to-revenue ratio increased in comparison to the *2023 Budget*, it remains relatively consistent or lower than in other recently published forecasts.

Ontario's target for the net debt-to-revenue ratio remains to be below 200 per cent. Based on the growth trend in net debt and revenue beyond the medium-term outlook, this ratio is expected to meet the target of 200 per cent by 2029–30, or as early as 2026–27 should the Faster Growth scenario materialize.

Chart 4.12
Net Debt-to-Revenue

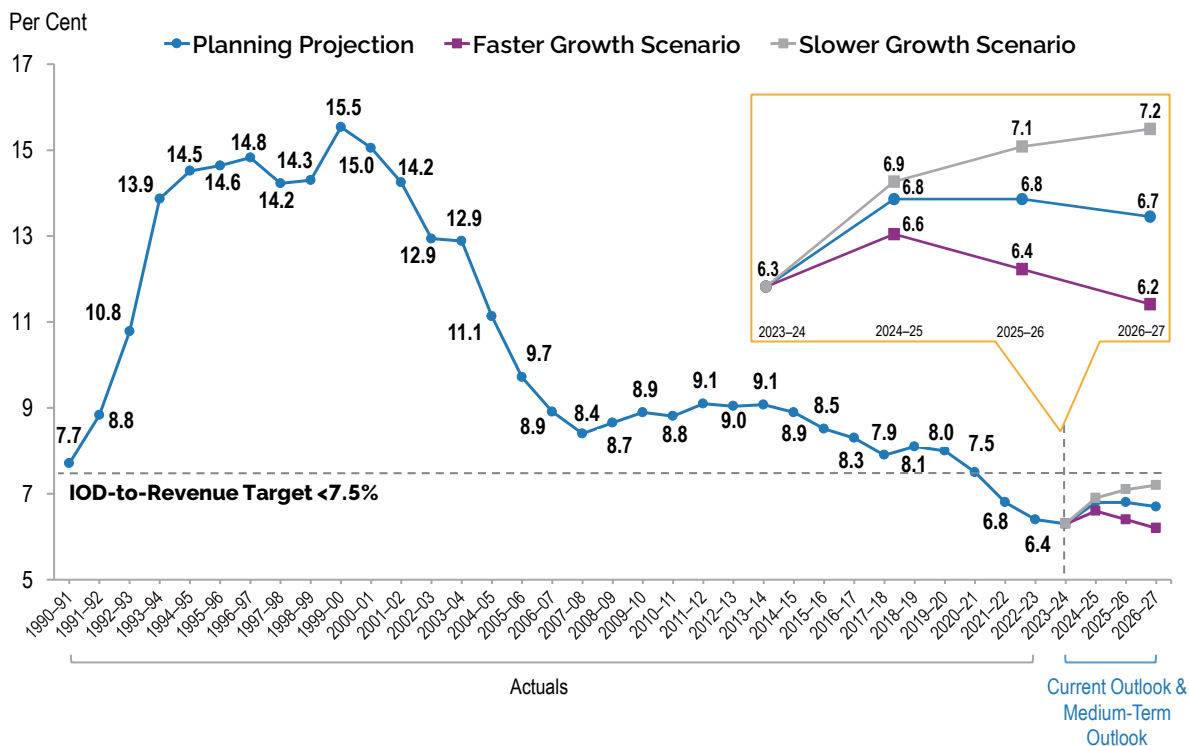


Note: See Chapter 3: *Continuing to Invest in the Plan to Build: Ontario's Fiscal Plan and Outlook* for details on the Faster Growth and Slower Growth scenarios.
Sources: *Public Accounts of Ontario* (1990–1991 to 2022–2023) and Ontario Financing Authority.

Ontario's IOD-to-revenue ratio is projected to be 6.3 per cent in 2023–24, 6.8 per cent in 2024–25 and 2025–26. In comparison to the *2023 Budget*, the ratio decreased by 0.6 percentage points in 2023–24, remained unchanged in 2024–25, and increased by 0.1 percentage points in 2025–26. The ratio is forecast to be 6.7 per cent in 2026–27. This ratio represents how much Ontario needs to spend on interest for every revenue dollar received. A lower IOD-to-revenue ratio frees up more resources for other priorities.

When comparing this ratio to the *2023 Ontario Economic Outlook and Fiscal Review* and the *2022 Budget*, for the years 2023–24 to 2025–26, the ratio improved by up to 1.3 percentage points. Ontario continues to show positive progress on the IOD-to-revenue ratio and is forecasting to meet the target and stay below 7.5 per cent over the medium-term outlook. This ratio remains close to the lowest levels it has been at since the 1980s.

Chart 4.13
Interest on Debt-to-Revenue



Note: See Chapter 3: *Continuing to Invest in the Plan to Build: Ontario's Fiscal Plan and Outlook* for details on the Faster Growth and Slower Growth scenarios.
Sources: *Public Accounts of Ontario* (1990–1991 to 2022–2023) and Ontario Financing Authority.

Consolidated Financial Tables

Table 4.3

Net Debt and Accumulated Deficit

(\$ Millions)

	2019–20	2020–21	2021–22	Actual 2022–23	Interim ¹ 2023–24	Plan 2024–25
Debt ²						
Publicly Held Debt						
Bonds ³	348,589	381,492	399,628	403,398	416,517	428,080
Treasury Bills	19,175	24,097	22,301	22,276	20,866	25,866
U.S. Commercial Paper ³	3,891	0	1,735	460	1,694	1,694
Infrastructure Ontario (IO) ⁴	300	300	300	300	300	300
Other	264	250	231	217	202	186
Total Publicly Held Debt	372,219	406,139	424,195	426,651	439,579	456,126
Non-Public Debt	10,010	9,318	8,766	8,678	7,953	6,776
Gross Debt	382,229	415,457	432,961	435,329	447,532	462,902
Less: Holdings of own Ontario Bonds and Treasury Bills ⁵	(9,938)	(11,122)	(7,098)	(10,154)	(5,586)	–
Less: Unamortized Discounts, Premiums and Commissions ⁶				(3,376)	(4,495)	–
Total Debt	372,291	404,335	425,863	421,799	437,451	462,902
Other Net Financial (Assets)/Liabilities ⁷	(33,808)	(44,396)	(54,729)	(37,876)	(34,669)	(34,864)
Broader Public Sector Net Debt	13,899	12,562	11,708	16,561	12,032	11,018
Net Debt	352,382	372,501	382,842	400,484	414,814	439,056
Non-Financial Assets ⁸	(127,568)	(134,270)	(144,682)	(153,680)	(165,033)	(179,469)
Accumulated Deficit	224,814	238,231	238,160	246,804	249,781	259,587

¹ Interim represents the 2024 Budget projection for the 2023–24 fiscal year.² Includes debt issued by Ontario and all government organizations, including the Ontario Electricity Financial Corporation (OEFC).³ All balances are expressed in Canadian dollars. The balances above reflect the effect of related derivative contracts.⁴ IO debt is composed of Infrastructure Renewal Bonds. IO debt is not guaranteed by Ontario.⁵ Ontario holds its own debt mainly to reduce the cash flow required to service large maturities, typically in June. For 2024–25, there are currently no significant holdings for maturities.⁶ Effective April 1, 2022, Ontario adopted new PSAS standard on Financial Instruments on a prospective basis. Unamortized discounts and premiums are now amortized on an effective interest basis. These amounts are not forecasted for 2024–25.⁷ Other Net Financial (Assets)/Liabilities include cash and temporary investments, accounts receivable, loans receivable, advances and investments in Government Business Enterprises (GBEs) offset by accounts payable, accrued liabilities, deferred revenue and capital contributions, pensions and other employee future benefits, and other liabilities.⁸ Non-financial assets include the tangible capital assets of Ontario, including the broader public sector.

Sources: Ontario Financing Authority and Ontario Ministry of Finance.

Table 4.4

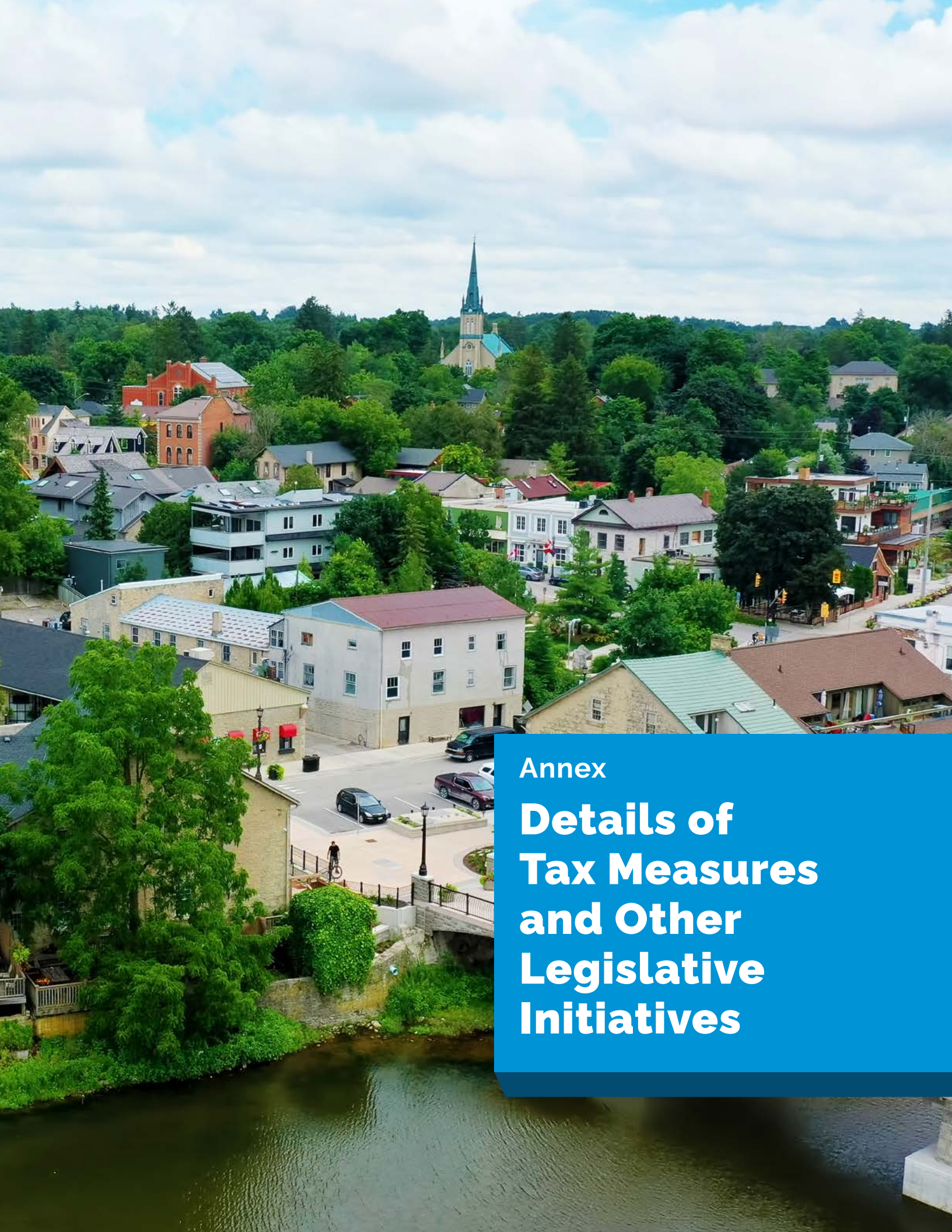
Medium-Term Outlook: Net Debt and Accumulated Deficit

(\$ Millions)

	2024–25	2025–26	2026–27
Total Debt	462,902	467,489	473,348
Other Net Financial (Assets)/Liabilities	(34,864)	(18,148)	(10,467)
Broader Public Sector Net Debt	11,018	10,426	11,596
Net Debt	439,056	459,767	474,477
Non-Financial Assets	(179,469)	(195,567)	(210,757)
Accumulated Deficit	259,587	264,200	263,720

Note: Numbers may not add due to rounding.

Sources: Ontario Financing Authority and Ontario Ministry of Finance.



Annex

Details of Tax Measures and Other Legislative Initiatives

Overview

This Annex contains detailed information on certain tax measures and other legislative initiatives proposed in this Budget.

Simplifying the Ontario Computer Animation and Special Effects Tax Credit

The Ontario Computer Animation and Special Effects (OCASE) Tax Credit is an 18 per cent refundable corporate income tax credit available to companies that undertake computer animation and special effects activities on eligible film and television productions in Ontario. To be eligible for the OCASE Tax Credit, a film or television production must also be certified for either the Ontario Film and Television Tax Credit or the Ontario Production Services Tax Credit, “tethering” the OCASE Tax Credit to these other film and television tax credits.

The government is proposing to remove this tethering requirement and replace it with the following new eligibility rules to ensure the credit continues to only support professional productions. These new rules deliver on the government’s commitment to explore opportunities to simplify tax credit support for computer animation and special effects activities:

- A qualifying corporation would be required to incur a minimum of \$25,000 in Ontario labour expenditures for each film or television production for which the OCASE Tax Credit is claimed. The minimum labour expenditure threshold would be required to be incurred in the taxation year of the claim or cumulatively between the taxation year of the claim and the previous taxation year. Once a qualifying corporation incurs the minimum labour expenditure threshold within up to two taxation years for a specific production, expenditures related to that production in those taxation years and any subsequent taxation years would be eligible; and
- Certain types of productions would be excluded from eligibility, including but not limited to instructional videos, music videos and gaming videos.

The new rules would be effective for productions for which the qualifying corporation commences computer animation and/or special effects work on or after March 26, 2024.

Extending the Temporary Gas Tax and Fuel Tax Rate Cuts

The Ontario government temporarily cut the gasoline tax rate by 5.7 cents per litre and the fuel tax (diesel) rate by 5.3 cents per litre on July 1, 2022. The gasoline tax and fuel tax rates are currently 9 cents per litre. These tax reductions are set to end on June 30, 2024, when the tax rates would return to 14.7 cents per litre for gas and 14.3 cents per litre for fuel.

The government is introducing legislation that would amend the *Gasoline Tax Act* and the *Fuel Tax Act* to extend the rate cuts so that the rate of tax on gas and fuel would remain at 9 cents per litre for an additional six months until December 31, 2024.

Reviewing Ontario's Tax System

Since 2018, the government has taken significant action to lower costs for families and seniors, including with the introduction of the Low-income Individuals and Families Tax (LIFT) Credit, and the Ontario Seniors Care at Home Tax Credit. To help build Ontario's economy, the government introduced the Ontario Made Manufacturing Investment Tax Credit, brought in tax measures to support small business, and provided supports to the mining sector, along with a number of other tax measures. The government has also taken steps to enhance digital options for Ontario businesses to meet their tax compliance obligations, reduce red tape and simplify Ontario's tax administration.

As part of its plan to build a strong Ontario, the government announced a review of the province's tax system in the *2023 Budget*. Since then, the government has consulted with a focused group of tax experts, economists and business leaders.

Based on the input from the consultations the tax system review will focus on opportunities to update the tax system to support greater productivity, including on innovation and research, to promote fairness, to enable greater simplicity and transparency, and to modernize administration.

Property Assessment and Taxation Review

The government is undertaking a review of the property assessment and taxation system focusing on fairness, affordability, business competitiveness and modernized administration tools.

Consultations have commenced to seek input on the scope and priority areas of the review.

Consultations will continue with broader engagement of stakeholders from across the province starting early spring. To maintain stability for taxpayers, the provincewide property reassessment will continue to be deferred until this review is complete.

Reviewing Alcohol Taxation and Fees

The government is proposing to eliminate the wine basic tax that applies to sales of Ontario wine and wine coolers in on-site winery retail stores. The new rate would come into effect on April 1, 2024.

The government will also conduct a targeted review of taxes and fees on beer, wine and alcoholic beverages with the aim of promoting a more competitive marketplace for Ontario-based producers and consumers.

Summary of Measures

Table A.1 reflects the cost of proposed tax measures in this Budget.

Table A.1

Summary of Measures

(\$ Millions)

	2024–25	2025–26	2026–27
Simplifying the Ontario Computer Animation and Special Effects Tax Credit	s	s	s
Extending the Temporary Gas Tax and Fuel Tax Rate Cuts	620	–	–
Eliminating the Wine Basic Tax	8	8	8
Total	628	8	8

Notes: Numbers reflect the benefit to individuals, families, businesses and other beneficiaries. Numbers represent a decrease in government revenue.

Total is based on the sum of rounded figures for the purpose of presentation.

“–” = a nil amount.

“s” = a small amount (less than \$1 million).

Source: Ontario Ministry of Finance.

Technical Amendments

Amendments may be proposed to various statutes administered by the Ontario Minister of Finance, or other statutes, to improve administrative effectiveness or enforcement, maintain the integrity and equity of Ontario's tax and revenue collections system, or enhance legislative clarity or regulatory flexibility to preserve policy intent.

Proposed legislative amendments include:

- Amendments to the *Estate Administration Tax Act, 1998* to include the term "small estate certificate" and "amended small estate certificate" under the definition of the term "estate certificate."
- An amendment to the *Financial Administration Act* to provide express authority for intra-day credit for loans entered into by the province of Ontario.



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TAB 77

BUILDING A STRONG ONTARIO *TOGETHER*

**2023 Ontario Economic
Outlook and Fiscal Review**



BACKGROUND PAPERS

THE HONOURABLE

PETER BETHLENFALVY

MINISTER OF FINANCE

For general inquiries regarding *2023 Ontario Economic Outlook and Fiscal Review — Building a Strong Ontario Together, Background Papers* please call:

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Perspectives économiques et revue financière de l'Ontario 2023 : Bâtir un Ontario fort ensemble – Documents d'information

Introduction

Ontario is seeing significant growth across the province.

Our population is growing rapidly, with nearly 500,000 more people coming to the province last year.

Businesses of all sizes are setting up shop. Last year, 18,000 businesses opened right here in Ontario, representing 41 per cent of the 43,700 businesses that opened in Canada. In the first half of 2023 there were 4,400 more businesses in the province compared to the same period last year.

This means more new jobs. In fact, in the first nine months of 2023 over 170,000 net new jobs were created right here in Ontario.

While this is good news for our province, Ontario continues to face heightened economic and geopolitical uncertainties.

As I have cautioned many times over the past year, we are not immune to the risk of an economic slowdown.

The impacts of high inflation and the Bank of Canada's rapid interest rate increases are weighing on Ontario's economic outlook for the remainder of this year, and into next.

Ontario is still facing some supply chain disruptions.

Russia's war on Ukraine and the horrific terrorist attack against Israel means continued geopolitical uncertainty.

These challenges have contributed to risks and financial pressures faced by people and businesses in Ontario.

While these economic and global challenges create risk, the choice for the road ahead is clear.

We must continue with the responsible and targeted approach that was outlined in our 2023 Ontario Budget: *Building a Strong Ontario*.

This approach has given the government the flexibility it needs amid a slowing global economy, while continuing to make targeted investments to implement our plan to build the province to support our historic growth.

Our approach continues to be the right one.

Ontario is building a strong economy to get the province through these uncertain times and create prosperity for future generations.

We are building the critical infrastructure needed to support our growing communities.

We are training workers to fill the jobs needed in key sectors like health care and the skilled trades, while also helping them plan for their retirement.

We are helping to put money back in people's pockets during a time of high interest rates and inflation.

We are providing better services for the people of Ontario, especially our most vulnerable.

Although there is more pressure on our fiscal plan since the spring, we maintain our commitment to balancing the budget.

As we deal with the uncertainty ahead, our government will never hesitate to do what is necessary to support people and businesses.

With the province's growing communities and challenging economic times, we will all need to work together to build a strong Ontario for now and the future.

Building Ontario

The government is building Ontario so we have the investments and infrastructure in place to strengthen local economies and communities across the province now and in the future.

Building the Economy for Today and Tomorrow

Our government is continuing to leverage the economic potential of the province's critical minerals in the North, including by working to unlock the opportunities in the Ring of Fire.

To help stimulate more exploration and strengthen the province's position as a global leader in supplying responsibly sourced critical minerals, our government is proposing to enhance the Ontario Focused Flow-Through Share Tax Credit.

We are connecting these critical minerals to the province's growing electric vehicle industry.

As we do this, our government is attracting more and more landmark manufacturing investments to the province, including in the automotive and clean steel sectors.

Over the last three years, the government has attracted more than \$26 billion in transformative auto and electric vehicle battery-related investments to Ontario.

Attracting new investments also means new jobs for the sector. In the first nine months of 2023, 27,700 net new manufacturing jobs were created.

As part of our plan to bring more manufacturing jobs back to the province, the Ontario Made Manufacturing Investment Tax Credit is helping Ontario manufacturers lower costs, innovate and become more competitive.

We need to keep up this momentum. To help encourage more investment in the province, the government is providing \$100 million in new funding to Invest Ontario.

With new investments and jobs coming to Ontario and the population growing rapidly, the province needs clean and affordable energy that all our communities can rely on.

To meet growing electricity demand, the province is investing in Ontario's clean energy advantage.

We are conducting the largest clean energy storage procurement in Canada, supporting building North America's first grid-scale Small Modular Reactor, and supporting the continued safe operation of the Pickering Nuclear Generating Station to 2026 as well as the refurbishment of Darlington Nuclear Generating Station.

And we are working in partnership with Six Nations of the Grand River Development Corporation, Northland Power, NRStor and Aecon Group to develop the Oneida Energy Storage Project in Haldimand County.

The government is also continuing to help Ontario businesses lower their costs so they can compete, grow and weather the economic uncertainty ahead.

In 2023, our government will enable an overall \$8.0 billion in cost savings and support for Ontario businesses, with \$3.6 billion going to small businesses.

Building Highways, Transit and Infrastructure

Having strong, growing communities means we also need to build and maintain more infrastructure.

This is why our government continues to deliver on Ontario's Plan to Build. Our \$185 billion capital plan is the most ambitious in the province's history.

The plan is building highways, roads, transit, hospitals, long-term care homes, schools and child care spaces across the province.

However, as hundreds of thousands of people move to Ontario each year, existing infrastructure across the province is becoming more and more strained.

To meet the growing needs of our communities, we must build more infrastructure and we must all work together to get this done.

This is why our government is introducing new tools to attract institutional investments to help build more infrastructure that would otherwise not get built.

To attract more capital so we can build more, we are launching the Ontario Infrastructure Bank, a new, arms-length agency to leverage investments by public-sector pension plans and other trusted Canadian institutional investors to help fund large-scale infrastructure projects across the province.

At the outset, the projects financed through this new agency will be focused on long-term care homes, energy infrastructure, affordable housing, municipal and community infrastructure and transportation.

Having institutional investor support will help the government build more infrastructure, while creating opportunities for Canadian pension funds to put their members' investments to work right here at home.

Working for You

Building a strong Ontario, together, also means we need more workers trained to fill in-demand jobs, have better services for more people, and to put money back in people's pockets amid high inflation.

Working for Workers

We need more skilled workers to help build the housing, hospitals, long-term care homes, schools, child care spaces and roads that Ontario needs.

This is why our government has invested over \$1 billion over three years in the Skilled Trades Strategy to encourage and train people to work in the skilled trades.

Additionally, since 2021, Ontario has invested over \$860 million in the Skills Development Fund Training Stream, helping over half a million people advance their careers in its first three funding rounds.

Our *2023 Budget* investment of \$224 million in the new Skills Development Fund Capital Stream will support the building, upgrading and expansion of brick and mortar training centres, including union-led training halls. This will provide more people with opportunities to learn new skills so they can benefit from the insights, knowledge and strengths of private-sector unions.

Ontario's government is also helping ensure workers have a secure retirement. Target benefit pension plans have workers' savings work as hard as they do.

These plans are offered by a union or association, especially in industries involving the skilled trades. However, a permanent regulatory framework for these plans has never been put in place.

This is why our government is taking action to help skilled trades workers save for their retirement through the development of a permanent framework for target benefits.

We are consulting on regulations necessary for the framework. A permanent framework would bring certainty to unions and associations and help protect the retirement security of workers while making a career in the skilled trades even more attractive.

Keeping Costs Down

Our government understands that it is a challenging time for many across the province and it has acted early to help put money back in people's pockets.

To help Ontario families keep costs down, we eliminated licence plate renewal fees and stickers, removed tolls on Highway 412 and 418, temporarily cut the gas tax and fuel tax rates, eliminated double fares for people connecting to GO Transit from most municipal transit systems, increased the minimum wage, and temporarily doubled the Guaranteed Annual Income System payments for eligible low-income seniors.

To help continue to provide predictability to Ontario families' household budgets, our government is proposing to extend the cuts to the gas tax and fuel tax rates to June 30, 2024. This would save households \$260 on average since the cuts were first implemented in July 2022.

We also continue to call on the federal government to follow our lead in providing relief to drivers while removing added costs for businesses by pausing the carbon tax increase.

We are also addressing the housing crisis, which continues to be a major priority for our government.

We welcome the federal government's decision to listen to Ontario's long-standing call for GST relief for new purpose-built rental housing.

As we have committed since fall 2022, we are now taking steps to enhance the Ontario HST New Residential Rental Property Rebate by removing the full eight per cent provincial portion of the HST on qualifying new purpose-built rental housing.

This would encourage the building of more rentals units, and is another action from our government to help people in Ontario afford to find a place to live.

Better Services for You

With more people choosing to call Ontario home, our government is improving services to make it easier for people to access programs and care.

Through our government's *Your Health: A Plan for Connected and Convenient Care*, pharmacists across Ontario can now prescribe treatment for 19 common ailments. The waitlist for surgeries has been reduced by more than 25,000 from the peak in March 2022.

We have invested \$330 million annually to better connect children and youth to care, including surgeries, emergency care and mental health services.

And we are continuing to improve access to care.

Beginning in fall 2024, women age 40 to 49 will be able to self-refer for a mammogram through the Ontario Breast Screening Program.

Increasing access to breast cancer screening can lead to earlier detection, less invasive treatment and better outcomes.

Building a Strong Ontario Together

The economic challenges on the horizon underscore the need to remain fiscally disciplined and responsible.

And this is exactly what our government is doing.

Our responsible, targeted approach is giving us the flexibility to adapt so we can face the challenges ahead.

The people of Ontario can have confidence that this government is making responsible decisions to support families and businesses through the uncertainty of today, while continuing to lay a strong fiscal foundation for future generations that includes a path to get back to a balanced budget. We are projecting a deficit of \$5.6 billion this year, decreasing to \$5.3 billion next year, and a modest surplus in 2026.

Now, the road ahead is not going to be easy.

But we have seen what the people of Ontario can accomplish when we come together.

Together, we can overcome any obstacle that comes our way.

Together, we can face the economic uncertainty before us.

Together, we can build the critical infrastructure we need to support our growing communities.

Together, we can build a strong Ontario.

Original signed by

The Honourable Peter Bethlenfalvy
Ontario's Minister of Finance

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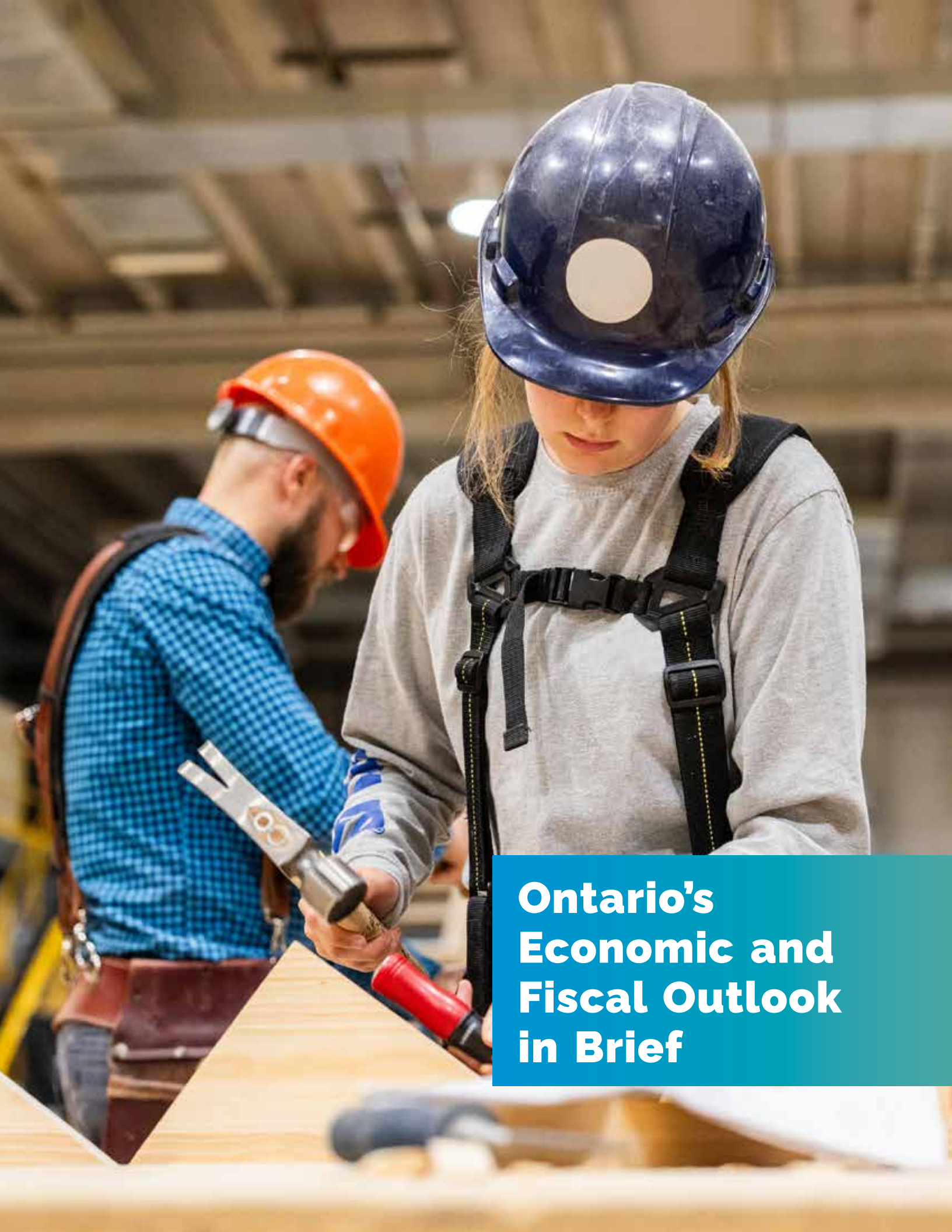
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Ontario's Economic and Fiscal Outlook in Brief

Ontario's Economic and Fiscal Outlook in Brief

Ontario's economy continued to grow in the first half of 2023, supported by strength in the job market. Despite this strong start, Ontario, like other jurisdictions, is not immune to heightened economic and geopolitical uncertainties, the impact of interest rate increases and a slowing global economy.

The *2023 Ontario Economic Outlook and Fiscal Review* continues to take a responsible and targeted approach to support people and businesses today and lay a strong fiscal foundation for future generations.

The government is projecting deficits of \$5.6 billion in 2023–24 and \$5.3 billion in 2024–25 followed by a surplus of \$0.5 billion in 2025–26. This reflects updated economic and revenue information and higher contingencies to mitigate near-term risks in 2023–24, and slower economic growth projections in 2024 and 2025.

Ontario's 2023–24 net debt-to-gross domestic product (GDP) ratio is now forecast to be 38.4 per cent, compared with the forecast of 37.8 per cent projected in the *2023 Budget*.

As with any forecast, there are numerous risks that are taken into consideration when determining Ontario's fiscal plan. The *2023 Ontario Economic Outlook and Fiscal Review* is being released when global economic conditions remain uncertain, driven by a variety of factors beyond the government's control. As a result, the Ontario Ministry of Finance has developed Faster Growth and Slower Growth scenarios that the economy could take over the next several years to provide more transparency about possible impacts on Ontario's economy and its finances.

Ontario's Economic Outlook

Ontario's real GDP is projected to rise 1.1 per cent in 2023, 0.5 per cent in 2024, 2.0 per cent in 2025 and 2.8 per cent in 2026. Since the *2023 Budget*, forecasts have been revised upwards for 2023 and lower for 2024 and 2025. For the purposes of prudent fiscal planning, these projections are set slightly below the average of private-sector forecasts.

Summary of Ontario's Economic Outlook

(Per Cent)

	2022	2023p	2024p	2025p	2026p
Real GDP Growth	3.7	1.1	0.5	2.0	2.8
Nominal GDP Growth	9.2	3.6	2.9	4.2	4.8
Employment Growth	4.6	2.3	0.8	1.5	1.9
CPI Inflation	6.8	3.7	2.5	2.1	2.0

p = Ontario Ministry of Finance planning projection based on external sources as of September 29, 2023.

Sources: Statistics Canada and Ontario Ministry of Finance.

Revisions to Outlook Since the *2023 Budget*

The outlook over the 2023 to 2026 period has been revised compared to the projections in the *2023 Budget*. Key changes since the *2023 Budget* include:

- Stronger growth in both real and nominal GDP in 2023 and slower growth between 2024 and 2025, with growth strengthening in 2026;
- Stronger employment growth in 2023 followed by slower job creation in 2024 and 2025;
- Downward revisions to net operating surplus of corporations growth in all years; and
- Higher projected housing starts in all years and weaker home resales in 2023 and 2024, followed by a strong rebound in 2025.

Changes in the Ontario Ministry of Finance Key Economic Forecast Assumptions: 2023 Budget Compared to the 2023 Ontario Economic Outlook and Fiscal Review (FES)

(Per Cent Change)

	2023p		2024p		2025p		2026p	
	2023 Budget	2023 FES	2023 Budget	2023 FES	2023 Budget	2023 FES	2023 Budget	2023 FES
Real Gross Domestic Product	0.2	1.1	1.3	0.5	2.5	2.0	2.4	2.8
Nominal Gross Domestic Product	2.8	3.6	3.6	2.9	4.6	4.2	4.5	4.8
Compensation of Employees	5.1	6.3	4.2	3.9	4.5	4.6	4.2	4.4
Net Operating Surplus — Corporations	(8.2)	(9.2)	(0.5)	(3.1)	9.2	4.9	9.1	7.5
Nominal Household Consumption	5.1	5.4	4.1	3.6	4.3	4.2	4.2	4.7
Other Economic Indicators								
Employment	0.5	2.3	1.0	0.8	1.7	1.5	1.7	1.9
Job Creation (000s)	39	176	78	63	133	120	136	154
Unemployment Rate (Per Cent)	6.4	5.6	6.6	6.4	6.3	6.2	6.3	5.8
Consumer Price Index	3.6	3.7	2.1	2.5	2.0	2.1	2.0	2.0
Housing Starts (000s) ¹	80.3	89.5	79.3	84.5	82.7	89.2	83.2	94.4
Home Resales	(8.9)	(11.7)	21.0	11.5	1.2	22.5	1.2	1.2
Home Resale Prices	(9.7)	(4.6)	2.2	1.3	4.0	3.6	4.0	4.0
Key External Variables								
U.S. Real Gross Domestic Product	0.5	2.2	1.2	1.1	2.1	1.7	2.1	2.1
WTI Crude Oil (\$US per Barrel)	83	78	80	79	79	77	79	78
Canadian Dollar (Cents US)	74.4	74.4	76.5	75.8	77.6	77.0	78.5	77.9
Three-Month Treasury Bill Rate ²	4.3	4.8	3.3	4.4	2.5	2.9	2.4	2.6
10-Year Government Bond Rate ²	3.1	3.3	3.1	3.3	3.1	3.2	3.2	3.2

p = Ontario Ministry of Finance planning projection based on external sources as of September 29, 2023.

¹ Housing starts projection based on private-sector average as of September 29, 2023.² Government of Canada interest rates (per cent).Sources: Statistics Canada; Canada Mortgage and Housing Corporation; Canadian Real Estate Association; Bank of Canada; United States Bureau of Economic Analysis; *Blue Chip Economic Indicators* (October 2023); U.S. Energy Information Administration; and Ontario Ministry of Finance.

A Strong Foundation for the Next Generation

The government is providing the people of Ontario with a clear view into the province's finances, outlining its strategy to build a strong and resilient Ontario for both current and future generations.

The government's plan is consistent with the *Fiscal Sustainability, Transparency and Accountability Act, 2019* and its governing principles that guide Ontario's fiscal policy.

- **Transparent:** The government continues to be transparent through the release of regular fiscal updates. For the sixth year in a row, the Auditor General of Ontario has provided a clean audit opinion on the government's consolidated financial statements.
- **Responsible:** The government has developed a measured and responsible approach to managing Ontario's finances that is driven by economic growth, while investing in key public services and capital projects that will help improve economic productivity and create jobs.
- **Flexible:** The government's plan has built in appropriate levels of prudence in the form of contingency funds and a reserve to ensure it has the necessary fiscal flexibility to respond to changing circumstances.
- **Equitable:** The government's plan strengthens critical public services, such as health, education and key infrastructure, for the people of today and ensures they are maintained for the benefit of future generations.
- **Sustainable:** The government will continue to take a flexible approach to respond to the ongoing economic uncertainty while ensuring the long-term sustainability of Ontario's finances.

Ontario's Fiscal Plan

In 2023–24, the government is projecting a deficit of \$5.6 billion. Over the medium term, the government is forecasting a deficit of \$5.3 billion in 2024–25 and a surplus of \$0.5 billion in 2025–26.

Ontario's Medium-Term Fiscal Plan — Details

(\$ Billions)

	Actual 2022–23	Current Outlook 2023–24	Medium-Term Outlook	
			2024–25	2025–26
Revenue				
Personal Income Tax	44.2	49.4	51.2	54.3
Sales Tax	36.1	37.7	38.7	40.7
Corporations Tax	27.8	26.0	25.8	27.4
Ontario Health Premium	4.4	4.8	5.0	5.2
Education Property Tax	6.0	5.7	5.8	5.8
All Other Taxes	18.0	17.5	19.4	21.5
Total Taxation Revenue	136.5	141.2	145.8	154.8
Government of Canada	31.3	35.1	35.4	37.0
Income from Government Business Enterprises	6.1	6.8	6.5	8.4
Other Non-Tax Revenue	19.0	18.7	19.0	19.8
Total Revenue	192.9	201.8	206.7	220.0
Base Programs¹				
Health Sector	75.1	81.2	84.2	87.6
Education Sector ²	33.6	34.7	36.4	37.5
Postsecondary Education Sector	11.6	12.1	12.5	13.0
Children, Community and Social Services Sector	18.1	19.4	19.9	19.9
Justice Sector	5.3	5.5	5.3	5.2
Other Programs	30.1	40.1	37.8	39.1
Total Base Programs	173.8	193.0	196.2	202.3
COVID-19 Time-Limited Funding	6.3	—	—	—
Other One-Time Expenses	6.3	—	—	—
Total Programs	186.4	193.0	196.2	202.3
Interest on Debt	12.4	13.4	14.3	15.2
Total Expense	198.8	206.4	210.5	217.5
Surplus/(Deficit) Before Reserve	(5.9)	(4.6)	(3.8)	2.5
Reserve	—	1.0	1.5	2.0
Surplus/(Deficit)	(5.9)	(5.6)	(5.3)	0.5
Net Debt as a Per Cent of GDP	38.3%	38.4%	39.1%	38.7%
Net Debt as a Per Cent of Revenue	207.6%	206.2%	210.8%	204.2%
Interest on Debt as Per Cent of Revenue	6.4%	6.7%	6.9%	6.9%

¹ For presentation purposes in the 2023 *Ontario Economic Outlook and Fiscal Review*, one-time COVID-19-related spending in 2022–23 has been included within COVID-19 Time-Limited Funding. This funding will no longer be reported separately, starting in 2023–24.

² Excludes Teachers' Pension Plan. Teachers' Pension Plan expense is included in Other Programs.

Notes: Numbers may not add due to rounding. Current and medium-term outlook primarily reflect information available as of September 29, 2023.

Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

Revenue Outlook Over the Medium Term

Ontario's revenue outlook is anchored by an economic projection based on private-sector forecasts and the best available information at the time of finalizing the planning projection. Details of the medium-term revenue outlook are outlined later in this document. See Chapter 3: *A Strong Foundation for the Next Generation: Ontario's Fiscal Plan and Outlook* for further details.

Key inputs included in the revenue forecast are a prudent economic outlook based on private-sector forecasts; existing federal–provincial agreements and funding formulas; and the business plans of government ministries, business enterprises and service organizations.

Program Expense Outlook Over the Medium Term

The government is building a strong fiscal foundation while continuing to invest in critical public services. In 2023–24, program expense is projected to increase by \$6.6 billion compared to 2022–23, or 3.5 per cent. Between 2023–24 and 2025–26, program expense is projected to increase every year, growing at an average annual rate of 2.4 per cent as the government continues to invest in critical programs in health care, education and infrastructure. Significant contingencies are included within the program expense outlook to manage unforeseen risks.

See Chapter 3: *A Strong Foundation for the Next Generation: Ontario's Fiscal Plan and Outlook* for further details on the program expense outlook over the medium term.

Interest on Debt Outlook Over the Medium Term

Ontario is forecast to pay \$13.4 billion in interest costs in 2023–24, \$14.3 billion in 2024–25 and \$15.2 billion in 2025–26. Over this period, cumulative interest on debt expense is \$0.7 billion below the 2023 *Budget* forecast.

See Chapter 4: *Borrowing and Debt Management* for further details on the interest on debt outlook over the medium term.

Other Fiscal Planning Assumptions

The reserve is set at \$1.0 billion in 2023–24, \$1.5 billion in 2024–25 and \$2.0 billion in 2025–26.

Net debt-to-GDP for 2023–24 is projected to be 38.4 per cent. Over the medium term, the net debt-to-GDP ratio is forecast to be 39.1 per cent in 2024–25 and 38.7 per cent in 2025–26.

Economic and Fiscal Outlook Scenarios

In recognition of continued economic uncertainty, the Ontario Ministry of Finance has once again developed Faster Growth and Slower Growth scenarios that the economy could take over the next several years. These alternative scenarios should not be considered the best case or the worst case. Rather, they illustrate a broader range of possible outcomes.

Ontario Real GDP Growth Scenarios

(Per Cent)

	2023p	2024p	2025p	2026p
Faster Growth Scenario	1.7	2.1	2.3	3.1
Planning Projection	1.1	0.5	2.0	2.8
Slower Growth Scenario	0.7	(0.9)	1.9	2.7

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

Source: Ontario Ministry of Finance.

Ontario Nominal GDP Growth Scenarios

(Per Cent)

	2023p	2024p	2025p	2026p
Faster Growth Scenario	4.5	5.3	4.7	5.3
Planning Projection	3.6	2.9	4.2	4.8
Slower Growth Scenario	2.9	0.7	3.9	4.5

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

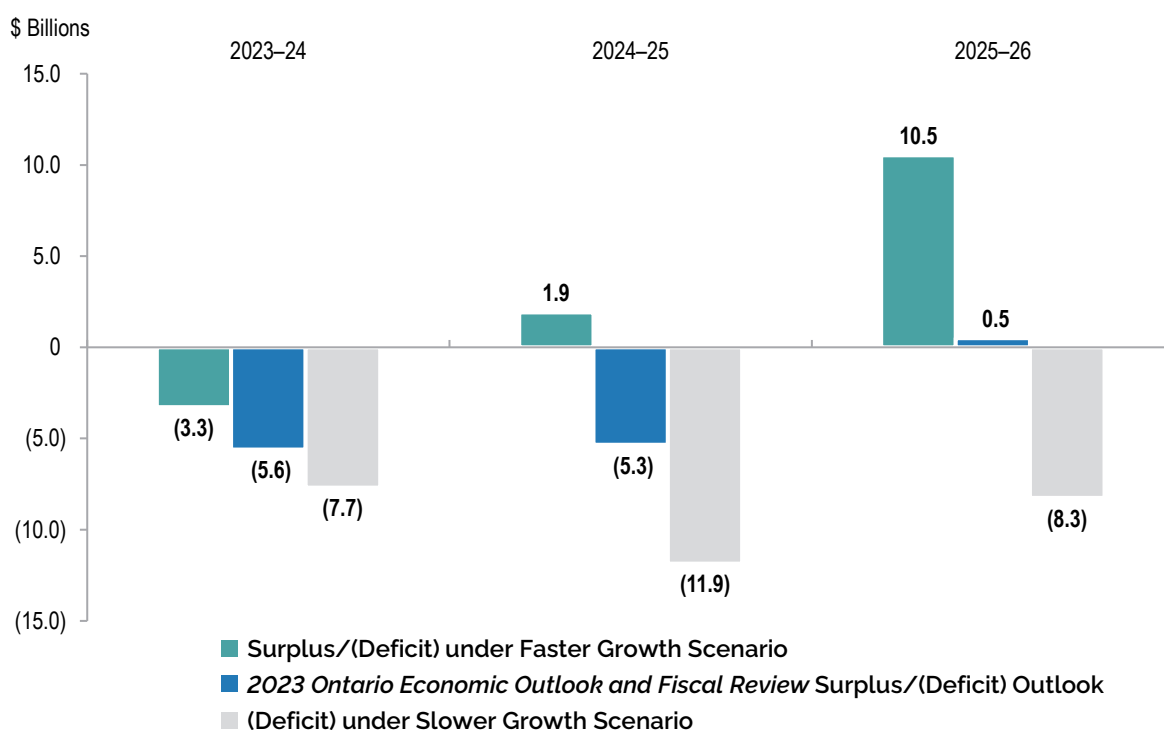
Source: Ontario Ministry of Finance.

In the event that the alternative economic scenarios materialize, as opposed to the Planning Projection, Ontario's fiscal plan would also change as a result.

Under the Faster Growth scenario, the deficit outlook may improve to \$3.3 billion in 2023–24, and reach surpluses of \$1.9 billion in 2024–25 and \$10.5 billion in 2025–26. However, under the Slower Growth scenario, the deficit outlook may deteriorate to \$7.7 billion in 2023–24, \$11.9 billion in 2024–25, and \$8.3 billion in 2025–26. In these alternative outlook scenarios, program expenditures are assumed to be unchanged compared to the medium-term expense outlook and only revenue and interest on debt are adjusted.

The heightened economic and geopolitical uncertainties facing Ontario underscore the need for a responsible and flexible fiscal plan to respond to uncertainty and risk. See Chapter 3, Economic and Fiscal Outlook Scenarios section for further details.

Ontario Fiscal Outlook Scenarios



Source: Ontario Ministry of Finance.

Borrowing and Debt Management

Ontario's long-term public borrowing for 2023–24 is now forecast to be \$34.7 billion, \$7.2 billion more than the *2023 Budget* forecast. This is primarily due to higher than previously forecast deficits in 2022–23 and 2023–24. As of October 12, 2023, Ontario had completed \$15.0 billion, or 43 per cent of its 2023–24 total long-term public borrowing program. Ontario's borrowing program is also driven by a historic capital plan. See section A Capital Plan for a Stronger Ontario for further details.

2023–24 Borrowing Program and Medium-Term Outlook

(\$ Billions)

	2023 Budget	In-Year Change	Current Outlook 2023–24	Medium-Term Outlook	
				2024–25	2025–26
Deficit/(Surplus)	1.3	4.3	5.6	5.3	(0.5)
Investment in Capital Assets	13.6	0.0	13.6	18.7	19.0
Non-Cash and Cash Timing Adjustments	(9.2)	7.9	(1.3)	(11.2)	(12.0)
Loans to Infrastructure Ontario	0.1	–	0.1	0.1	0.2
Other Net Loans/Investments	0.1	(0.0)	0.1	(1.0)	(0.2)
Debt Maturities/Redemptions	31.2	(0.0)	31.2	28.0	33.1
Total Funding Requirement	37.0	12.2	49.2	39.9	39.5
Decrease/(Increase) in Short-Term Borrowing	–	–	–	(2.5)	(2.5)
Increase/(Decrease) in Cash and Cash Equivalents	5.0	(5.0)	–	–	–
Pre-borrowing in 2022–23 for 2023–24	(14.5)	–	(14.5)	–	–
Total Long-Term Public Borrowing	27.5	7.2	34.7	37.4	37.0

Note: Numbers may not add due to rounding.

Source: Ontario Financing Authority.

Ontario is forecast to pay \$13.4 billion in interest costs in 2023–24, \$0.6 billion lower than the *2023 Budget* forecast.

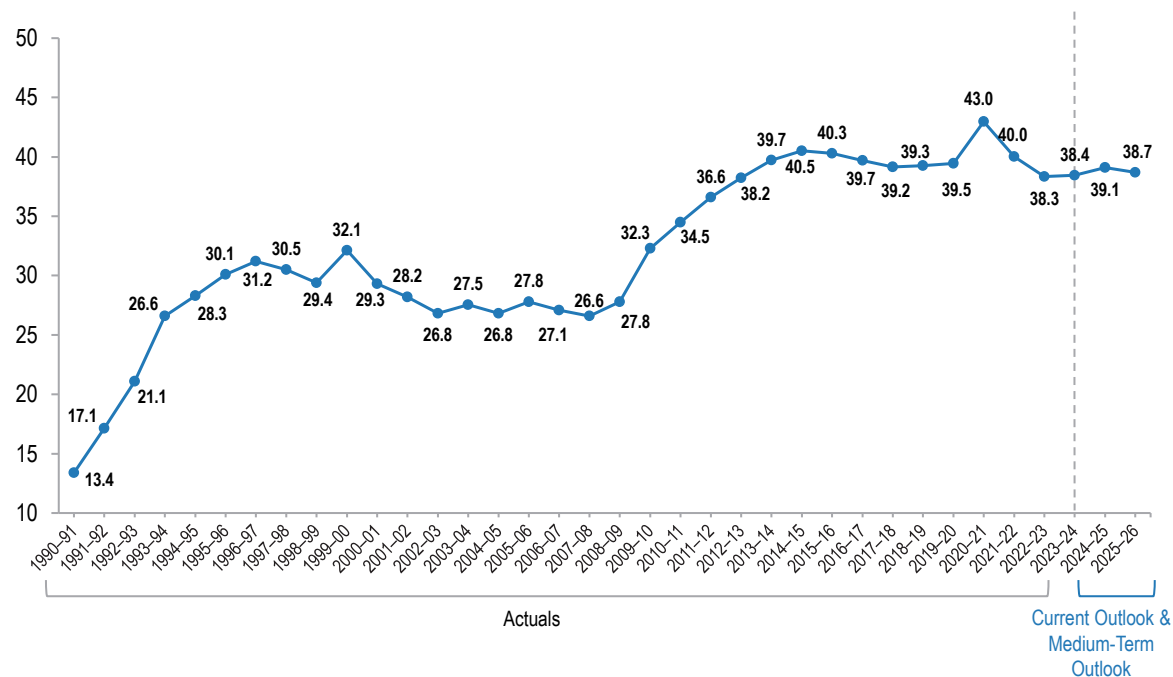
Interest on debt in 2024–25 and 2025–26 is forecast to be \$14.3 billion and \$15.2 billion, compared to the *2023 Budget* forecast of \$14.4 billion and \$15.1 billion, respectively.

A one percentage point change in interest rates either up or down from the current interest rate forecast is estimated to have a corresponding change in Ontario's borrowing costs by around \$700 million in the first full year.

The net debt-to-GDP ratio in 2023–24 is now projected to be 38.4 per cent, or 0.6 percentage points higher than the 37.8 per cent forecast in the *2023 Budget*, which is mainly due to higher than previously projected deficits. Over the medium-term outlook, the net debt-to-GDP ratio is projected to remain modestly higher than the forecasts contained in the *2023 Budget*.

Net Debt-to-GDP

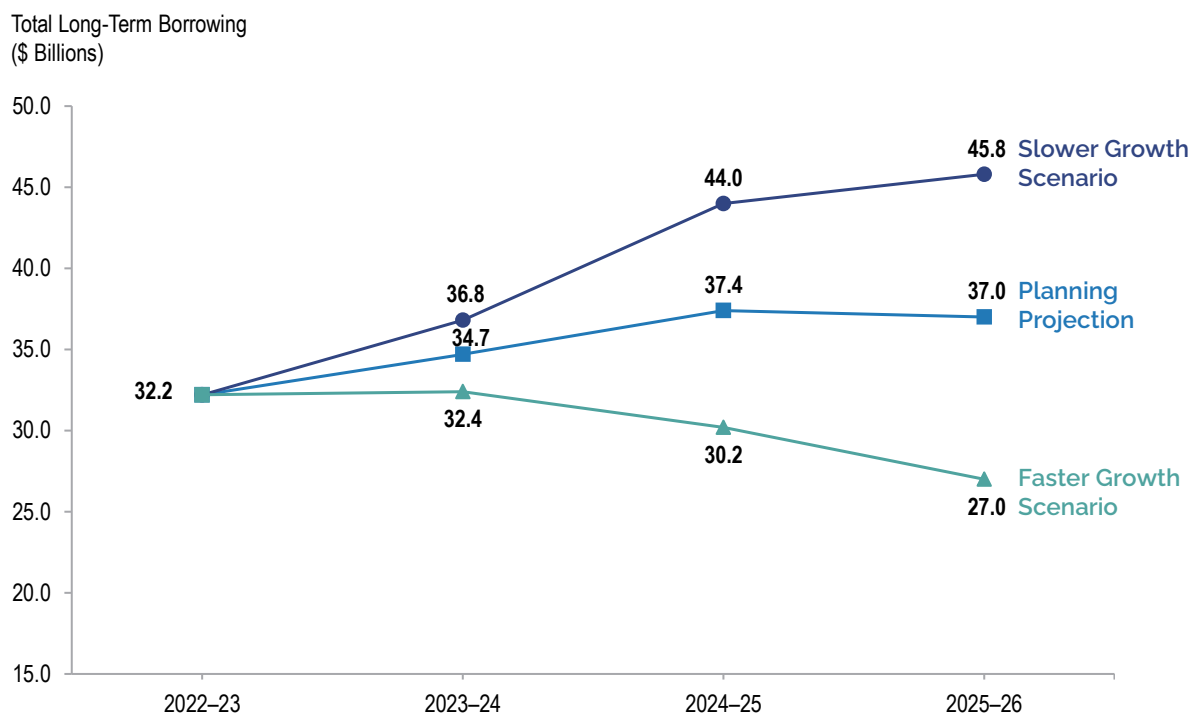
Per Cent



Sources: Statistics Canada and Ontario Ministry of Finance.

As described earlier in the Economic and Fiscal Outlook Scenarios section, in the event that alternative economic scenarios materialize, Ontario's borrowing requirements in the next three years would also change as a result. Under the Faster Growth scenario, long-term borrowing would decrease by \$19.6 billion over the three-year outlook period, while under the Slower Growth scenario, long-term borrowing would increase by \$17.3 billion over the same period.

Borrowing Outlook Scenarios for Long-Term Borrowing



Sources: Ontario Financing Authority and Ontario Ministry of Finance.

A Capital Plan for a Stronger Ontario

Ontario's Plan to Build includes the most ambitious capital plan in Ontario's history, with planned investments over the next 10 years totalling \$185.0 billion, including \$20.7 billion in 2023–24. This plan is getting shovels in the ground to build highways, hospitals and other critical assets for a growing population, as well as laying the foundation for a strong Ontario. The Ontario Infrastructure Bank will invest in sector specific projects that will help address the infrastructure deficit and support the province's growth. See Chapter 1, Section A: *Building Ontario* for further details.

Key highlights in the capital plan include:

Highways

\$28.1 billion over 10 years to support the highway network including the planning and/or construction of new and expanded highways across the province, such as:

- Highway 413, a new 400-series highway and transportation corridor across Halton, Peel and York regions that will bring relief to one of the busiest corridors in North America and save drivers up to 30 minutes each way on their commute during rush hour;
- Bradford Bypass, a new four-lane freeway connecting Highway 400 in Simcoe County and Highway 404 in York Region, which will save drivers an estimated 35 minutes in travel time;
- The QEW Garden City Skyway Bridge Twinning project, which includes construction of a new bridge on the QEW over the Welland Canal connecting the City of St. Catharines to the Town of Niagara-on-the-Lake;
- The expanded Highway 7 will provide relief to the gridlocked Highway 401 and connect the fast-growing urban centres of Kitchener, Waterloo and Guelph;
- Enabling the expansion of Highway 401 east from Brock Road in Pickering to help relieve gridlock for tens of thousands of drivers per day and get goods moving faster; and
- Widening existing corridors across the province, such as Highway 3 between Essex and Leamington, Highway 11/17 between Thunder Bay and Nipigon and Highway 17 between Kenora and the Manitoba border.

Transit

\$70.7 billion over 10 years to build new and expanded public transit across the province, including:

- Transforming the GO Transit rail network into a modern, reliable and fully integrated rapid transit network. GO expansion will improve access and convenience across the Greater Golden Horseshoe by steadily increasing service with two-way all-day GO train service across the core network with faster trains, more stations and better connections;
- Making investments to expand GO Transit rail service to Bowmanville;
- Increasing GO train service between Union Station and the Niagara Region, with more express service between Hamilton, Burlington and Toronto. The government also re-introduced year-round weekend GO train service between Union Station in Toronto and Niagara Falls. The service includes three round trips every day of the week, offering travellers a faster, more direct journey between downtown Toronto and one of Canada's top tourist destinations;
- Awarding two major contracts and releasing two Requests for Proposals (RFPs) for the Ontario Line, which will provide rapid transit from Exhibition/Ontario Place to Eglinton Avenue and Don Mills Road as well as connect more than 40 other transit routes, including GO train lines, subway and streetcar lines and the Eglinton Crosstown;
- Continuing tunnelling for the three-stop Scarborough Subway Extension from Kennedy Station to Sheppard Avenue and McCowan Road and awarding the contract for design and construction of new underground stations with bus terminals;
- Continuing tunnelling on the Eglinton Crosstown West Extension. As of September 2023, the two boring machines have completed more than half the tunnelling of a combined 8.2 kilometres; and
- Purchasing three new trainsets to restore the Northlander passenger rail service to provide a safe and reliable transportation option for Northern communities, which will also support industries and resource sectors.

Health

More than \$48 billion over the next 10 years in health infrastructure, including over \$32 billion in capital grants, to support more than 50 hospital projects that would add 3,000 new beds over 10 years to increase access to reliable, quality care. Investments are being made to support hospital projects, including:

- Transformation of the existing site and urgent care centre into a new 24/7 inpatient care hospital at Peel Memorial in Brampton, in partnership with the William Osler Health System. This will allow development of an emergency department and meet the evolving needs of one of Ontario's fastest growing communities;
- Funding to support the Trillium Health Partners Broader Redevelopment Project to build a new, state-of-the-art hospital, the Peter Gilgan Mississauga Hospital and the expansion of the Queensway site;
- Support for the construction of a new, modern hospital facility on the existing Uxbridge site at the Oak Valley Health – Uxbridge Hospital to replace the current aged building, and enable the expansion of specialized outpatient clinics as well as the creation of a community health hub with long-term care services;
- Expansion of the Scarborough Health Network – Birchmount Hospital with a new inpatient tower and an expanded emergency department to reduce wait times, improve patient flow and update aging infrastructure;
- Support for the construction of a new state-of-the-art patient tower at University Health Network–Toronto Western Hospital that will add more than 80 net new beds and 20 new operating rooms;
- Support for a new state-of-the-art acute care hospital in Windsor and Essex County to add more hospital beds and expand services in the region;
- Support for redevelopment of the existing hospital and regional trauma centre on a new site for the Ottawa Hospital – Civic Campus to expand access to programs and services as well as meet bed capacity needs; and
- Support the Runnymede Healthcare Centre's First Responders Wellness and Rehabilitation Centre to break down barriers in accessing treatment for post-traumatic stress injury and other concurrent mental health disorders.

Long-Term Care

- Advanced construction on 11,199 beds (67 projects) to start between April 1, 2022 and August 31, 2023 by providing a supplemental increase to the construction funding subsidy to stimulate the start of construction for more long-term care homes across Ontario;
- Planned investments that total a historic \$6.4 billion since 2019 to build more than 30,000 new and upgrade over 28,000 long-term care beds across the province by 2028 to modern design standards. As of September 2023, 18,204 beds (110 projects) are either completed/open, under construction, or have the approval to start construction; and
- Progress in building long-term care homes continues under the Accelerated Build Pilot Program:
 - In March 2022, Lakeridge Gardens (Lakeridge Health) in Ajax opened to residents as the first home under the Accelerated Build Pilot Program, adding 320 new beds to the long-term care sector.
 - In May 2023, Humber Meadows (Humber River Hospital) in Toronto opened, adding 320 new beds to the long-term care sector.
 - Wellbrook Place (Trillium Health Partners) in Mississauga is expected to open to residents in fall 2023, adding a total of 632 beds to the long-term care sector.

Broadband

- Nearly \$4 billion beginning in 2019–20 to ensure every community across the province has access to high-speed internet by the end of 2025. Multiple broadband programs are supporting this goal to help people work, learn or connect with their loved ones, including the Southwestern Integrated Fibre Technology (SWIFT) and Eastern Ontario Regional Network initiatives.

Education

- Investing \$22 billion over the next 10 years, including about \$15 billion in capital grants, to build more schools and child care spaces as well as the renewal of existing schools. New projects include an English public elementary school in Sudbury, a joint French public and Catholic secondary school in Kingston, an English Catholic elementary school in Kitchener, an English public elementary school in Windsor and a new addition to the École secondaire Jeunes sans frontières in Brampton.

Postsecondary Education

- \$5.4 billion in the Postsecondary Education sector over the next 10 years, including over \$2 billion in capital grants, to help colleges, universities and Indigenous Institutes modernize classrooms by upgrading technology, supporting critical repairs and improving energy efficiency.

Infrastructure Expenditures¹

(\$ Millions)

Sector	Current Outlook ^{2,3}	Medium-Term Outlook		10-Year Total ⁴
	2023–24	2024–25	2025–26	
Transportation				
Transit	7,471	11,892	10,150	70,728
Provincial Highways	3,193	3,459	3,724	28,098
Other Transportation, Property and Planning	236	192	167	1,270
Health				
Hospitals	3,349	3,795	5,687	48,119
Other Health	573	368	1,297	8,464
Education	3,003	2,923	2,801	22,062
Postsecondary Education				
Colleges and Other	705	650	495	4,082
Universities	124	114	132	1,309
Social	394	381	472	2,645
Justice	851	790	423	3,036
Other Sectors⁵	3,638	3,192	3,235	16,740
Total Infrastructure Expenditures	23,536	27,756	28,583	206,555
Less: Other Partner Funding ⁶	2,864	1,741	1,482	21,506
Total⁷	20,672	26,015	27,100	185,049

¹ 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.

² Includes \$573 million in interest capitalized during construction.

³ Includes provincial investment in capital assets of \$13.6 billion.

⁴ Total reflects the planned infrastructure expenditures for 2023–24 through to 2032–33.

⁵ Includes broadband infrastructure, government administration, natural resources and the culture and tourism industries.

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

⁷ Includes federal–municipal contributions to provincial infrastructure investments.

Note: Numbers may not add due to rounding.

Source: Ontario Treasury Board Secretariat.



Chapter 1

Building a Strong Ontario Together

Section A: Building Ontario

Introduction

Ontario's population is growing rapidly and good-paying jobs are being created. To help meet the needs of the province's growing communities, Ontario's Plan to Build is helping to attract historic automotive and clean steel investments, as well as getting key critical infrastructure projects built.

Building Ontario's Economy for Today and Tomorrow

Leveraging Ontario's Critical Minerals Advantage

Critical minerals such as cobalt, lithium, nickel and graphite are highly sought-after commodities in the global economy and Ontario has the potential to unlock these resources right here at home.

Through its Critical Minerals Strategy, the government is working with Indigenous communities to unlock the economic potential of the province's critical minerals in the North, including minerals in the Ring of Fire. To help build all-season roads to the Ring of Fire, the government is continuing to support Environmental Assessments for the Marten Falls Community Access Road, the Webequie Supply Road and the Northern Road Link, led by the Marten Falls First Nation and Webequie First Nation.

Strengthening Critical Mineral Exploration

To advance Ontario's Critical Minerals Strategy and secure the province's position as a global leader in supplying responsibly sourced critical minerals, the government is proposing to enhance the Ontario Focused Flow-Through Share Tax Credit. This enhancement would help stimulate critical mineral exploration in Ontario and improve access to capital for small mining exploration companies.

The proposed change would expand eligibility to specified critical minerals that qualify for the federal Critical Mineral Exploration Tax Credit starting with the 2023 tax year. This would result in an additional \$12 million per year in tax credit support to the critical minerals mining industry.

See Annex: Details of Tax Measures and Other Legislative Initiatives for further information.

Supporting Innovative Critical Minerals Projects

As part of the Critical Minerals Strategy, Ontario invested \$5 million in the Critical Minerals Innovation Fund (CMIF) which launched in November 2022. The fund supports the critical minerals sector through targeted research and innovation investments to address supply chain gaps.

In 2023–24, the CMIF funded 13 innovative industry-led projects, providing up to \$500,000 in supports for a maximum of 50 per cent of eligible project costs. For example:

- Frontier Lithium Inc. received \$500,000 to help develop innovative lithium processing techniques and establish lithium mining and mineral processing in Ontario for use in battery and electric vehicle (EV) manufacturing supply chains.
- Vale Canada Ltd. received \$500,000 to develop bioleaching techniques for reprocessing tailings to extract nickel and cobalt from mine waste and to help increase the supply of battery metals.
- Veracio Canada received \$250,000 to develop and commercialize an innovative continuous drilling system for deep ore bodies to accelerate the discovery and delineation of critical minerals reserves for use in battery and other advanced manufacturing supply chains.



Investing in Junior Mining Companies

In the *2023 Budget*, Ontario announced it is investing an additional \$6 million over the next two years into the Ontario Junior Exploration Program. This brings the government's total investment in the program to \$35 million, with \$12 million dedicated to critical minerals exploration. Between the program's launch in 2021 and April 2023, 48 junior mining companies have received nearly \$7.5 million in funding, leveraging an additional \$17.5 million in investments from the industry. For example:

- EV Nickel Inc.'s Langmuir Project received \$200,000 to complete a diamond drill program with 43 holes to a combined depth of 14,247 metres.
- Canadian Gold Miner Corp.'s South Kirkland Project received \$200,000 to complete line cutting and induced polarization survey activities. The company also received \$200,000 to complete line cutting, ground geophysical, geological and geochemical surveys, and stripping activities.
- New Break Resources Ltd.'s Moray Project received \$200,000 to complete a Very Low Frequency and Ground Magnetometer survey, as well as a stripping and sampling program.

Attracting Manufacturing, Innovation and High-Paying Jobs

Bringing Manufacturing Jobs Back to Ontario

The government is helping to attract new investments in the manufacturing sector, which are creating thousands of new jobs in the province. In 2022, the manufacturing sector directly contributed \$84.9 billion to provincial real gross domestic product (GDP). In the second quarter of 2023, real GDP in Ontario's manufacturing sector rose by 2.9 per cent from the previous quarter. In 2022, Ontario's manufacturing sector was also responsible for nearly half of Canada's total manufacturing exports (\$193.0 billion of Canada's \$418.3 billion in total exports).

Employment in the manufacturing sector increased by 27,700 jobs over the first nine months of 2023, after increasing by 42,600 in 2021 and 11,900 in 2022 as the economy recovered from the impacts of COVID-19. By September 2023, the manufacturing sector employed 813,000 people, an increase of 49,600 jobs from the pre-pandemic level in February 2020.

The government continues to help build a strong and resilient manufacturing sector by attracting investments that will increase production, improve the province's competitiveness and create good-paying jobs across Ontario.



Attracting Investment Through the Ontario Made Manufacturing Investment Tax Credit

Ontario's Plan to Build is working to attract and encourage the business investment needed to create jobs in the province's manufacturing sector. As part of this plan, the government introduced the Ontario Made Manufacturing Investment Tax Credit in the *2023 Budget*. This 10 per cent refundable Corporate Income Tax credit provides up to \$2 million per year to qualifying Canadian-controlled private corporations that make eligible investments in buildings, machinery or equipment used in manufacturing or processing in the province.

The Ontario Made Manufacturing Investment Tax Credit will provide an estimated \$780 million in income tax support over three years beginning in 2023–24, helping Ontario manufacturers lower their costs, innovate and become more competitive.

Making Ontario a Global Electric Vehicle Leader

The government is also strengthening Ontario's position as a global leader across the electric vehicle (EV) supply chain. Ontario is becoming a North American hub for building the cars of the future by attracting more than \$26 billion over the last three years in transformative automotive and EV battery-related investments from global automakers, parts suppliers, and EV battery and materials manufacturers. This includes the following recent significant investments:

- LG Energy Solution and Stellantis are investing more than \$5 billion towards the NextStar Energy EV battery manufacturing plant in Windsor, as announced in March 2022, supporting an estimated 2,500 jobs. In August, NextStar Energy began recruiting workers for the plant, which is expected to be fully operational by 2025.
- Magna International announced in February 2023 that it would invest \$471 million to expand the company's Ontario operations and support the opening of a new \$265 million EV battery enclosure facility in Brampton.
- Volkswagen, one of the world's largest automakers, and its subsidiary PowerCo SE, announced a \$7 billion investment in April 2023 to build the automaker's first overseas EV battery cell manufacturing plant in St. Thomas. The plant is the largest electric vehicle-related investment in Canadian history and is expected to create up to 3,000 direct jobs. Once complete in 2027, the plant will produce batteries for up to one million EVs per year. To support Volkswagen's investment, the Ontario government is providing \$500 million in direct incentives to the company and investing hundreds of millions of dollars more to strengthen and grow St. Thomas and the surrounding communities. This includes infrastructure improvements to roads, railways, water, electricity supply, and police and fire safety.

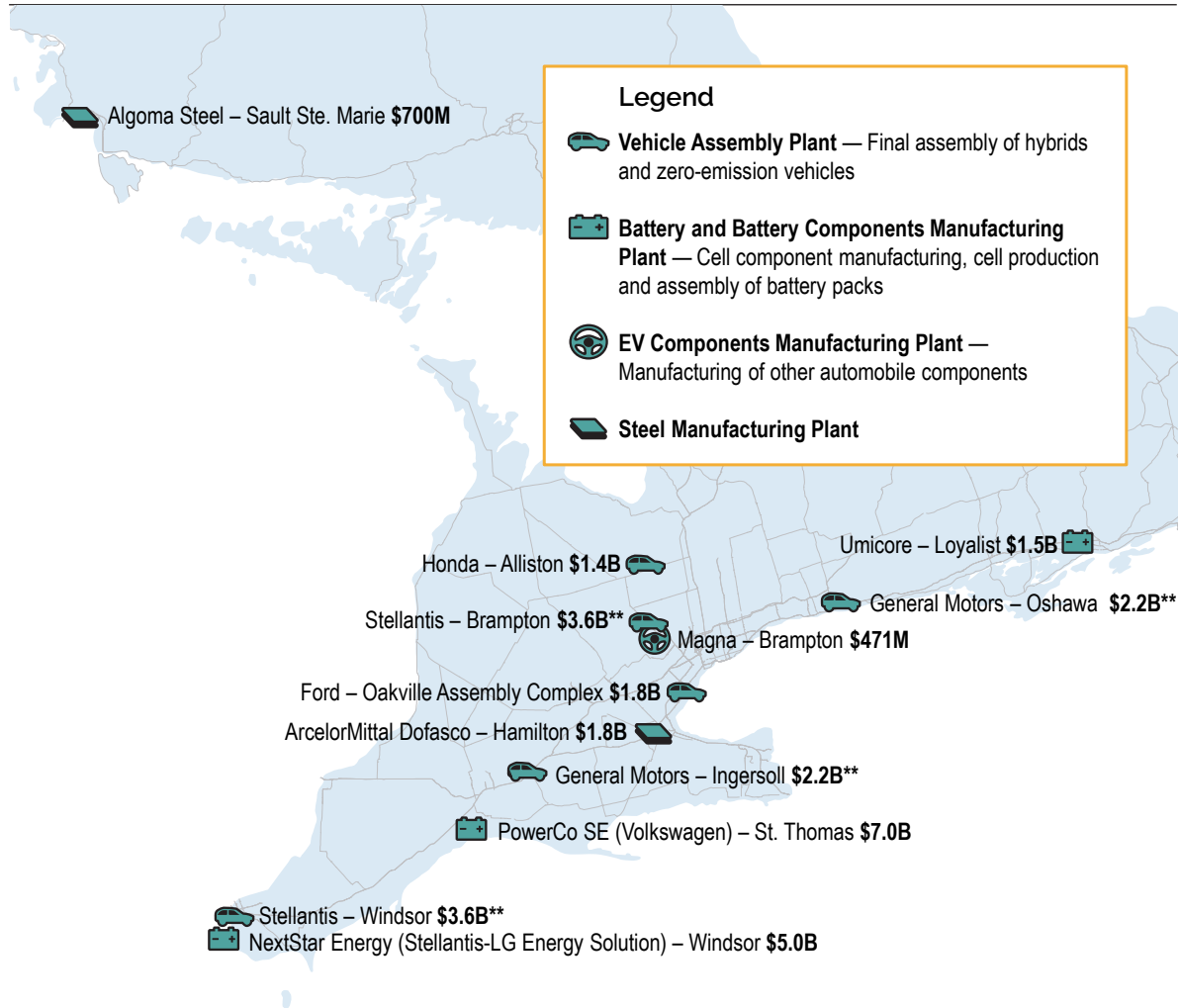
- Mitsui High-tec (Canada) Inc. announced a \$102.3 million investment in June 2023 to open a new 103,500 square-foot manufacturing facility in Brantford to increase production of motor cores, the basic structure of the motor used in EVs.
- General Motors (GM) announced in July 2023 that a new facility at its CAMI Assembly in Ingersoll will begin building battery modules in the second quarter of 2024, supporting the company's increasing EV production volume. The new 400,000 square-foot facility will assemble modules for BrightDrop Zevo production at CAMI Assembly as well as additional Ultium EVs built at other GM plants.

These investments are helping to increase the competitiveness of Ontario's auto sector. Ontario is the only jurisdiction in North America to have five major global automotive assemblers — Ford, General Motors, Honda, Stellantis and Toyota.



Chart 1.1

Attracting More than \$26 billion* in Automotive, Electric Vehicle Battery Supply Chain and Clean Steel Investments to Ontario



*Includes other investments not shown on the chart such as those made through the Ontario Vehicle Innovation Network (OVIN), the Ontario Automotive Modernization Program (O-AMP), and the Regional Development Program.

**Investment shared across manufacturers' facilities in Ontario.

Source: Ontario Ministry of Economic Development, Job Creation and Trade.

Supporting Better Jobs and Bigger Paycheques by Enhancing Invest Ontario

In July 2020, the government established its investment attraction agency, Invest Ontario, in response to increasingly fierce competition between jurisdictions in attracting business investments. The agency serves as a one-stop source for business information and tailored investment solutions. It provides facilitated access to all levels of government and local service providers as well as financial assistance through its Invest Ontario Fund.

Invest Ontario has attracted strategic investments that encourage innovation and support stronger supply chains in three strategic sectors where the province has a global competitive advantage — advanced manufacturing, life sciences and technology. For example, in June 2023, the agency supported a \$102.3 million investment by the motor core parts manufacturer, Mitsui High-tec (Canada) Inc., by providing \$3.1 million through its Invest Ontario Fund. The agency is on track to help secure an estimated \$11 billion in investments that will generate over 6,000 new jobs.

Ontario will continue its plan to attract landmark investments in the economy by providing an additional \$100 million to the Invest Ontario Fund, which will now total \$500 million. This funding will help attract more leading companies to Ontario, further support businesses already here and create good-paying jobs in communities across the province.

Powering Ontario's Growth

As Ontario is expecting to continue to see rapid population growth and investments, the province needs additional reliable, affordable, and clean energy that businesses can rely on. To meet growing electricity demand this decade, Ontario is expanding generation capacity, conducting Canada's largest clean energy storage procurement, and expanding energy efficiency programs. The government is supporting the continued safe operation of the Pickering Nuclear Generating Station to 2026, while asking Ontario Power Generation (OPG) to review the potential refurbishment of the Pickering B units, supporting the refurbishment of the Darlington Nuclear Generating Station, the building of North America's first grid-scale Small Modular Reactor (SMR) and the development of three additional SMRs.

The government is moving forward with plans to meet expected rising electricity demand in the 2030s and beyond. Ontario's Independent Electricity System Operator (IESO) has recommended the province start early planning to meet expected long-term demand between 2030 and 2050. The government's *Powering Ontario's Growth* plan, released in July 2023, outlines actions to meet growing energy demand over the long run, which includes starting pre-development work for a large-scale nuclear station, advancing three additional SMRs at the Darlington nuclear site, planning for strategic new transmission lines, and developing long-duration storage projects.

Building on Ontario's Nuclear Advantage

Ontario is a global leader in the nuclear industry. With the increasing demand for energy, the government is leveraging the Ontario nuclear sector's experience and expertise in this safe, reliable and clean energy source to develop the next generation of nuclear power.

Ontario continues to support the refurbishments at the Darlington and Bruce Nuclear Generating Stations. The government is also working with Bruce Power on pre-development work for the first large-scale nuclear generation build in over three decades in Canada. Bruce Power will start community consultations and conduct the environmental assessment for federal approval. This will better position Ontario to compete for international investments, which are increasingly prioritizing access to a clean energy supply.

The Darlington Nuclear Generating Station is undergoing a refurbishment project of all four of its units, two of which have been completed. Most recently, the refurbishment of the Darlington Nuclear Generating Station's Unit 3 was completed in July 2023, 169 days ahead of schedule and on budget. Approximately 96 per cent of the Darlington refurbishment project costs are being spent in the province, involving more than 260 companies. The \$12.8 billion refurbishment project, together with the station's extended operation, will generate approximately \$90 billion in economic benefits for Ontario and create an average of 14,200 jobs annually across the province.

The Ontario government is working with OPG to commence planning and licensing for three additional SMRs at the Darlington site. This will bring the total to four SMRs which, once deployed, would produce enough electricity to power 1.2 million homes.

This expansion of Ontario's SMR program enhances Ontario's position as a global leader in new nuclear technologies, creating new export opportunities that will drive economic growth. OPG and other Ontario nuclear supply chain providers have already signed major agreements valued at approximately \$1 billion to export nuclear products and services to countries including Poland, Estonia and the Czech Republic.

Expanding Electricity Transmission Infrastructure

In addition to generating resources, new electricity transmission infrastructure is needed to meet growing electricity demand in the province. Last year, Ontario acted to ensure the efficient and timely development of five new electricity transmission infrastructure projects in Southwestern Ontario. Additional new projects proposed in the coming years include:

- Three new transmission lines in Northeastern Ontario to power forecast electricity growth, such as in the Sault Ste. Marie and Timmins areas, including from the conversion from coal to electric arc furnaces at Algoma Steel as well as from growth in the mining sector; and
- One new transmission line to power growth in the Ottawa region and across Eastern Ontario.

These projects total to more than 2,400 megawatts (MW) in new transmission capacity. Transmission is critical to providing reliable, affordable, clean electricity to families and businesses; and the future expansion of the transmission system is key to enhancing Ontario's clean energy advantage, enabling industrial electrification and growth, as well as supporting electric vehicle adoption.

The Ontario Infrastructure Bank provides additional opportunities for the government to work with Indigenous communities and other partners to continue building more electricity transmission infrastructure. See section Building Highways, Transit and Infrastructure for further details.



Supporting Ontario's Reliable, Affordable and Clean Electricity Grid

Energy storage will support the operation of Ontario's clean electricity grid by drawing and storing electricity off-peak when power demand is low and intermittent renewable generation is high, as well as returning the power to the system at times of higher electricity demand.

In October 2022, the government launched the largest clean energy storage procurement in Canada's history. The procurement, which is contracting 2,500 MW of clean energy storage, will increase the efficiency of Ontario's clean electricity grid. To date, Ontario has acquired a total of 880 MW of new storage supply, as announced in May and June 2023, with nine of the 15 previously announced storage projects having at least 50 per cent Indigenous ownership. These projects complement Ontario's recent agreement for the 250 MW Oneida Energy Storage Facility in Haldimand County. When all are fully operational, scheduled for the end of 2026, Ontario will have Canada's three largest battery projects, located in Hagersville (285 MW), Haldimand (250 MW) and Napanee (250 MW).

Ensuring the Effectiveness of the Proposed Federal Investment Tax Credits to Support Clean Energy

As Ontario plans for a clean energy future, the province will require significant investment in new energy infrastructure. Ontario has called upon the federal government to provide clear commitments on federal Investment Tax Credit (ITC) funding for clean energy projects in Ontario, so that they can be advanced without additional risk or potential cost to ratepayers. Certainty over the timing and availability of the proposed ITCs is critical to ensure investor confidence. Ontario is also asking the federal government to extend the proposed Clean Electricity ITC support to include intra-provincial transmission expansion and to provide the same level of ITC support for taxable and non-taxable entities to ensure fairness and to create a level playing field. In addition, Ontario looks forward to working with the federal government to develop plans to clarify and reduce timelines, and enhance engagement and partnerships on critical, job-creating projects.

Helping Industry Through the Ontario Emissions Performance Standards Program

Ontario has created its own Emissions Performance Standards (EPS) program as an alternative to the federal Output-Based Pricing System (OBPS) on industrial emissions. On January 1, 2022, the Ontario EPS program took effect to regulate greenhouse gas emissions from large facilities. It is a more tailored program fit for Ontario's environment and economy that helps the province achieve emission reductions from large emitters and achieve Ontario's share of Canada's 2030 emissions reduction targets. Between now and 2030, it will help save industry over \$1 billion compared to the federal policy. Ontario is planning to return these funds in full to eligible industries through the EPS program.

Launching the Clean Energy Credit Registry and the Future Clean Electricity Fund

In March 2023, the government launched Ontario's clean energy credit (CEC) registry. Proceeds from the sale of clean energy credits will be directed to Ontario's Future Clean Electricity Fund. This fund will help keep costs down for electricity ratepayers by supporting the development of new clean energy projects as the province builds out the electricity grid to meet the demands of a growing population and economy, as well as the electrification of transportation and industry.

Supporting Local Ontario Businesses

Ontario's businesses drive the economy and create good-paying jobs for workers in growing communities across the province. They are building the economy of tomorrow.

Since 2018, the government has saved businesses, not-for-profit organizations and the broader public sector an estimated \$939 million in gross annual regulatory compliance costs by reducing red tape, without impacting public or workplace safety.

The government has also taken significant action to lower costs for businesses to help them compete, grow and weather today's economic uncertainty. In 2023, the government is enabling an estimated \$8.0 billion in cost savings and support for Ontario businesses, of which \$3.6 billion would go to small businesses.

Modernizing Capital Markets

Ontario will continue to work closely with the Ontario Securities Commission (OSC) to foster more competitive capital markets, while ensuring investors remain protected. As capital markets continue to evolve and adapt to global economic volatility, the government remains focused on strengthening competition, which encourages innovation and capital formation while ensuring continued investor protection. Ontario continues to move forward with initiatives to support increased investment and economic activity and refine regulatory frameworks to support the people of Ontario investing for their future.

This is why the government is proposing to amend securities legislation to facilitate streamlined access to capital for well-known seasoned issuers in Ontario. The government is also working with the OSC to bring forward further modernization initiatives that facilitate greater early-stage financing of Ontario startups and small and medium-sized companies. It is also working with the OSC to enhance investor access to investment opportunities and support increased investment in capital-intensive assets, such as infrastructure, natural resource projects and other relatively less liquid assets, through a long-term investment or asset fund framework.

The government supports equitable access to capital markets and will work with the OSC to engage Indigenous communities and organizations to identify opportunities for enhanced Indigenous participation in capital markets.

Ontario is also seeking to enhance investor confidence by facilitating the use of automatic and streamlined reciprocal enforcement orders, strengthening the OSC whistleblower statutory framework and introducing a statutory process for the distribution of disgorged funds to harmed investors. The government, working with the OSC, is also strengthening Ontario's short-selling framework to better align with other leading jurisdictions, and supports the OSC's ongoing work to modernize the dispute resolution framework available to Ontario investors.

Collaborating to Improve Financial Services

The Ontario government is supportive of ongoing federal initiatives in the financial markets sector, including:

- Ongoing work, along with the Royal Canadian Mounted Police (RCMP), to tackle financial crime across Canada;
- Establishing a made-in-Canada open banking framework to support Canada's increasingly digital economy; and
- Modernizing digital payment tools, such as Real-Time Rail, a national payment processing system intended to facilitate rapid and data-rich payments.

Ontario looks forward to continuing to collaborate with the federal government and regulatory partners to make further progress on these initiatives.

Reviewing Ontario's Tax System

In the *2023 Budget*, the government announced that it would be reviewing the province's tax system to further its track record of supporting business, seniors and families. The review is prioritizing competitiveness, productivity and long-term growth in the province, as well as the fairness and effectiveness of tax relief and supports. The review is also focused on modernizing Ontario's tax administration tools.

Building on the objectives identified in the Budget and based on the initial discussions with policy economists and tax experts, several themes have emerged to guide the provincial tax review:

- Ensuring that the results of the tax review align with Ontario's fiscal plan;
- Focusing on long-term economic growth and competitiveness by encouraging investments to support greater productivity, and by attracting and retaining top talent;
- Promoting fair treatment of taxpayers that supports their ability to make investment decisions and carry out reliable and predictable planning for savings and growth;
- Prioritizing simplicity and transparency to make the tax system clearer and more easily understood; and
- Modernizing the tax system by updating and streamlining existing tax measures.

In the coming months, the government will continue discussions with key sectors and further explore these themes. The Ontario government will provide another report on its progress with the *2024 Budget*.

See section Consultations on Building a Strong Ontario Together for further details.

Building Highways, Transit and Infrastructure

As Ontario's population grows, so does the need to build highways, roads, hospitals, schools, broadband and other infrastructure. The government is delivering on Ontario's Plan to Build, the most ambitious capital plan in the province's history, by getting shovels in the ground to better connect people to jobs, services, family and loved ones. Ontario is using every tool at its disposal to build this critical infrastructure smarter and faster.

OntarioBuilds is an interactive government web page that can be visited at ontario.ca/ontariobuilds featuring a map and information on the status of thousands of infrastructure projects and investments across Ontario.



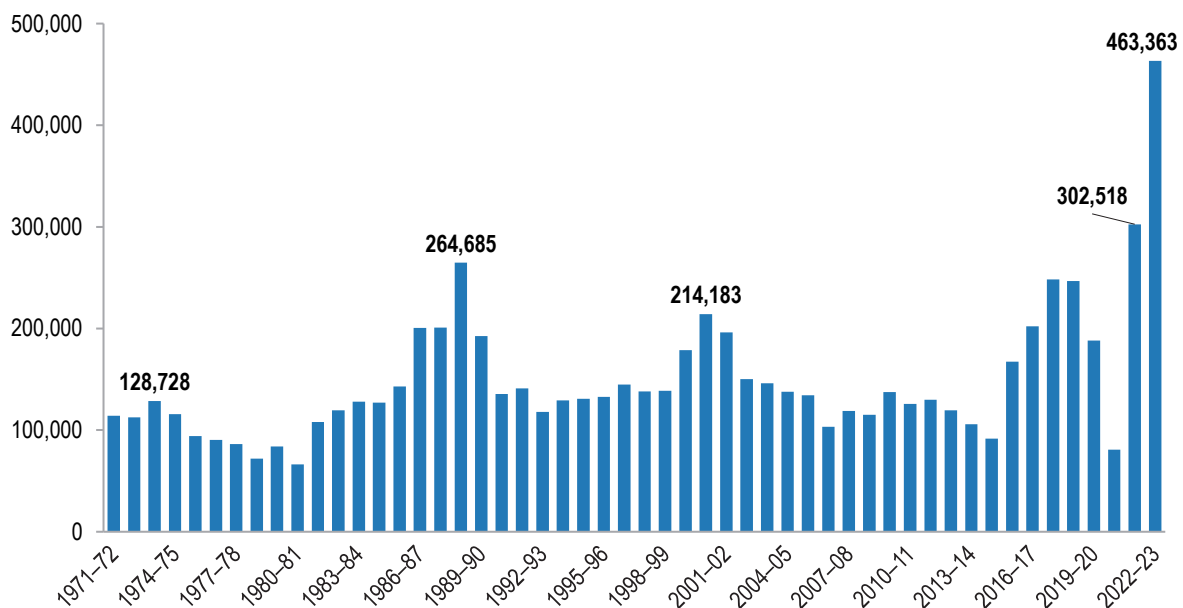
Partnering to Build More Infrastructure, Faster and Smarter

Ontario needs to build more infrastructure. The province's population is growing, new jobs are being created, and global companies are choosing Ontario to set up shop amid the transformation in the global economy. This growth is good news. But it means the province's existing infrastructure is under strain. It also means more needs to be built — including more housing and long-term care homes, as well as energy, municipal and transportation infrastructure.

Addressing this infrastructure deficit is not easy. Despite an ambitious capital plan totalling \$185.0 billion over 10 years, Ontario must do more to keep up with demands. This challenge exists amid competing demands for government resources and global economic uncertainty.

Chart 1.2
Record-Breaking Population Growth Continues in Ontario

Population Growth



Note: Population Growth is for the July 1 to June 30 period.

Source: Statistics Canada.

Building Capital — Launching the Ontario Infrastructure Bank

Ontario taxpayers cannot build the infrastructure that the province needs alone. As the government moves forward with Ontario's Plan to Build, it is looking at new ways to attract trusted Canadian institutional investors to help build essential infrastructure that would not otherwise get built.

Seizing Ontario's Homefield Advantage

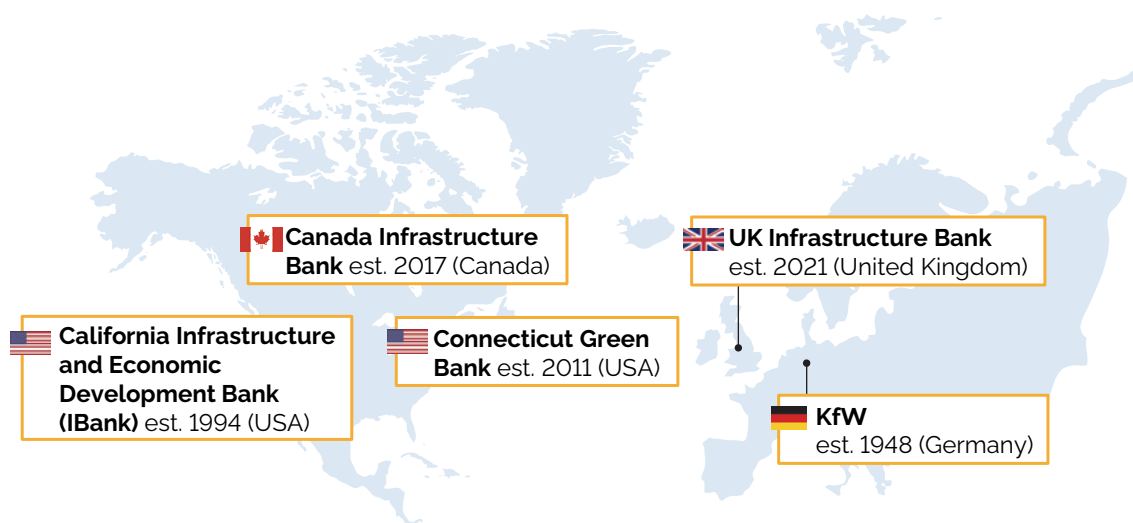
Canada is renowned for one of the strongest pension systems in the world. Because of this, the country is home to numerous major global investors.

Many Canadian pension funds have made significant infrastructure investments globally.

By adding new options for these investors to invest in Ontario's capital projects, the province can leverage more funding while enabling pension funds to put their members' investments to work right here at home.

The Ontario Infrastructure Bank is a new, arms-length, board-governed agency that will enable public-sector pension plans and other trusted institutional investors to further participate in large-scale infrastructure projects across the province. The government is proposing to provide \$3 billion to the Ontario Infrastructure Bank in initial funding to support its ability to invest in critical infrastructure projects across the province. Institutional investor participation will help the government deliver more infrastructure faster, while leveraging additional capital from investors and helping to maintain a responsible fiscal plan for today and for future generations.

Chart 1.3
Infrastructure Banks Launched by Other Jurisdictions



Source: Ontario Financing Authority.

The Ontario Infrastructure Bank will develop a detailed process to ensure there is appropriate qualification and selection of projects and partners in priority areas based on financial and public benefit criteria.

Project investments made by the bank will initially be focused on new long-term care homes, energy infrastructure, affordable housing, municipal and community infrastructure and transportation. The mandate includes support for infrastructure projects for Indigenous communities that advance community and economic well-being.



How the Ontario Infrastructure Bank Can Help Build Ontario

Long-Term Care

As Ontario's population continues to age, the province needs to build long-term care beds faster, especially in high-need communities. Seniors, residents and their families deserve modern, safe and comfortable long-term care homes. Through a historic \$6.4 billion in planned investments since 2019, Ontario is making progress to build more than 30,000 new and over 28,000 upgraded beds across the province by 2028. The Ontario Infrastructure Bank will work with the long-term care sector to support building new long-term care beds.

Energy

As Ontario continues to see rising energy demand driven by economic growth, electrification and new housing, the government has introduced *Powering Ontario's Growth*, which lays out its plan to build the reliable, affordable and clean electricity resources the province needs. Funding from the Ontario Infrastructure Bank could support the deployment of projects outlined in the plan, including the expansion of nuclear power, long-duration storage needs as well as future generation and storage resources competitively procured by the Independent Electricity System Operator. Ontario is currently procuring more than 4,000 MW of electricity generation and storage resources, which represents a 10 per cent expansion of the province's installed electricity generation capacity. Further expansions of the province's nuclear fleet — which could total 6,000 MW — as well as future clean competitive procurements will see the grid grow even further, highlighting the opportunities for institutional investors to be part of building Ontario's clean energy future.

Launching a New Housing-Enabling Water Systems Fund

Having strong water infrastructure in place is critical to enable the building of new housing.

This is why the government will invest \$200 million over three years in a new Housing-Enabling Water Systems Fund as another step in protecting communities and helping to unlock new housing opportunities. Eligible municipalities will be able to apply for funding for the repair, rehabilitation and expansion of core water, wastewater and stormwater projects that promote growth and enable housing development. In addition, the government will also explore options to provide improved flexibility and borrowing terms for municipalities to access necessary capital under Infrastructure Ontario's Loan Program.

The Housing-Enabling Water Systems Fund complements the recently announced Building Faster Fund, a new three-year \$1.2 billion fund that supports municipalities in achieving their housing targets, including housing-enabling infrastructure and other related costs that support community growth.

Ontario continues to call on the federal government for a next generation infrastructure program that provides adequate funding in the face of rising costs and provides flexibility for provinces to address critical infrastructure needs. The government is also asking the federal government to provide funding to support this new water systems fund.

Ontario will continue to work with municipalities to build infrastructure, achieve housing targets and strengthen communities.

Supporting Innovation in Procurement Delivery

Ontario is building infrastructure now to support the future growth of the province. The government continues to advance major infrastructure projects across the province using public-private partnership delivery models. The Ontario government is also employing innovative approaches such as progressive models to provide more collaborative project planning and consultation. To adapt to the changes in the construction sector and market, the government continues to work with key stakeholders to identify solutions, such as staging major infrastructure projects that are in line with market capacity to build the province's assets including highways, public transit and hospitals.

Modernizing Surety Bonds

As part of Ontario's Plan to Build, the government is proposing amendments to the *Construction Act* to introduce regulation-making authority to allow for lower minimum bonding requirements, a type of financial security, for large public infrastructure projects that do not involve private financing. This is expected to help attract more contractors to bid on capital projects, foster and diversify market competition, and save taxpayers money.

The proposed legislative measures would support the government's priority of building highways, transit and other infrastructure projects.

Building Highways

Gridlock on highways and roads costs the economy more than \$11 billion¹ a year in productivity, including time lost by commuters and drivers, higher costs of doing business and reduced access to jobs and housing.

The Ontario government is continuing to execute its plan to deliver effective and resilient infrastructure that is built not just for today, but for future generations.

Moving Forward With Highway 413

By 2051, the number of people calling the Greater Golden Horseshoe home is expected to increase by five million and two million more people will be working in this fast-growing region. There is a pressing need for new highways to prepare for this growth and alleviate gridlock in what is already one of the busiest corridors in North America.

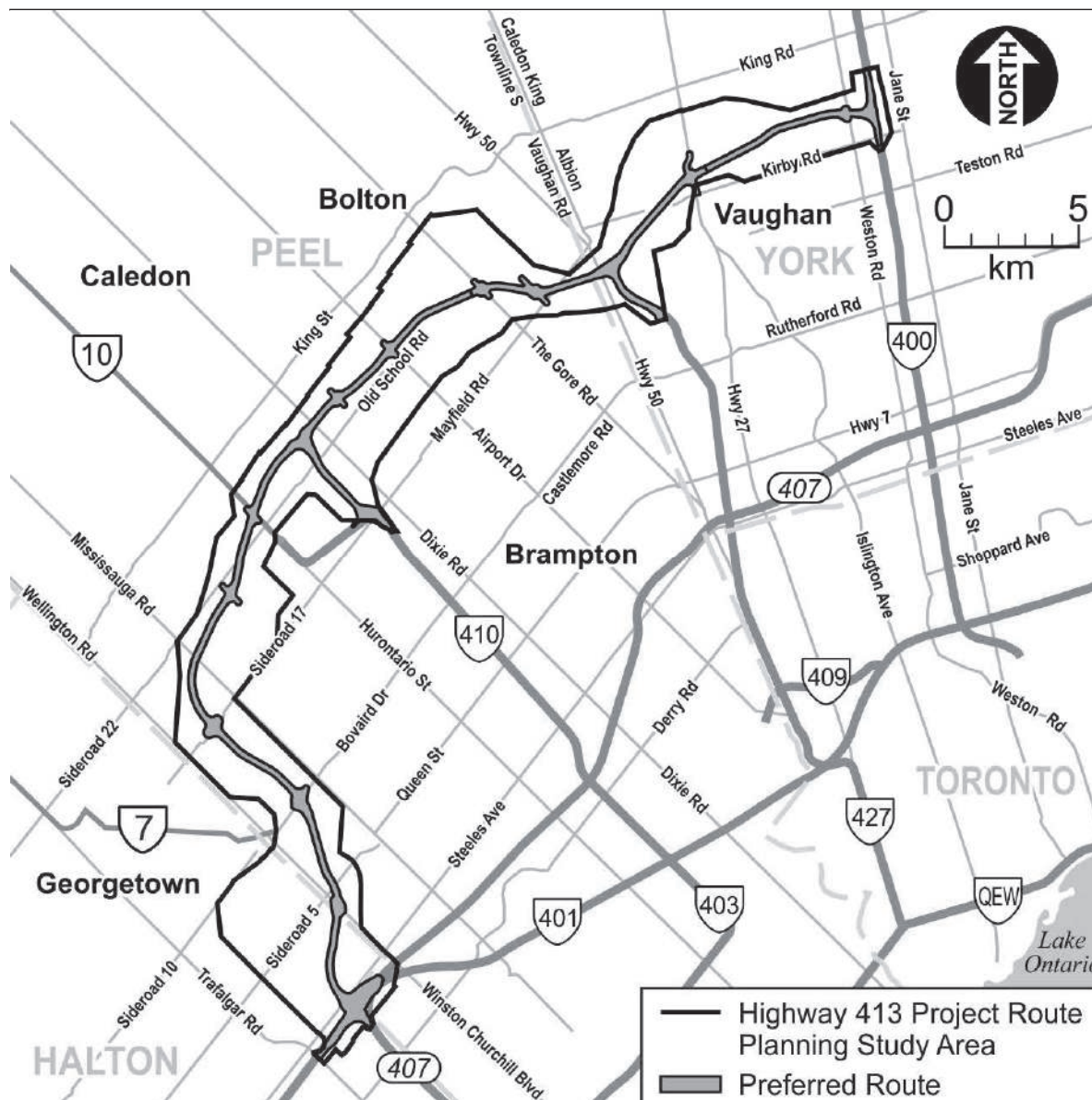
Ontario continues to move ahead with building Highway 413, a proposed new 52-kilometre (km) 400-series highway to better connect the corridor across Halton, Peel and York Regions. Preliminary design, surveying, field work, rigorous environmental assessment work and consultations are underway for the new route.

During construction, Highway 413 is expected to support up to 3,500 jobs each year and generate up to \$350 million in annual real GDP.

Once completed, Highway 413 will save drivers up to 30 minutes each way on their commute during rush hour and keep goods and the economy moving.

¹ Benjamin Dachis, C.D. Howe Institute, "Cars, Congestion and Costs: A New Approach to Evaluating Government Infrastructure Investment," (July 2013), <https://www.cdhowe.org/public-policy-research/cars-congestion-and-costs-new-approach-evaluating-government-infrastructure-investment>

Chart 1.4
Highway 413 Project Route



Source: Ontario Ministry of Transportation.

Getting the Bradford Bypass Built

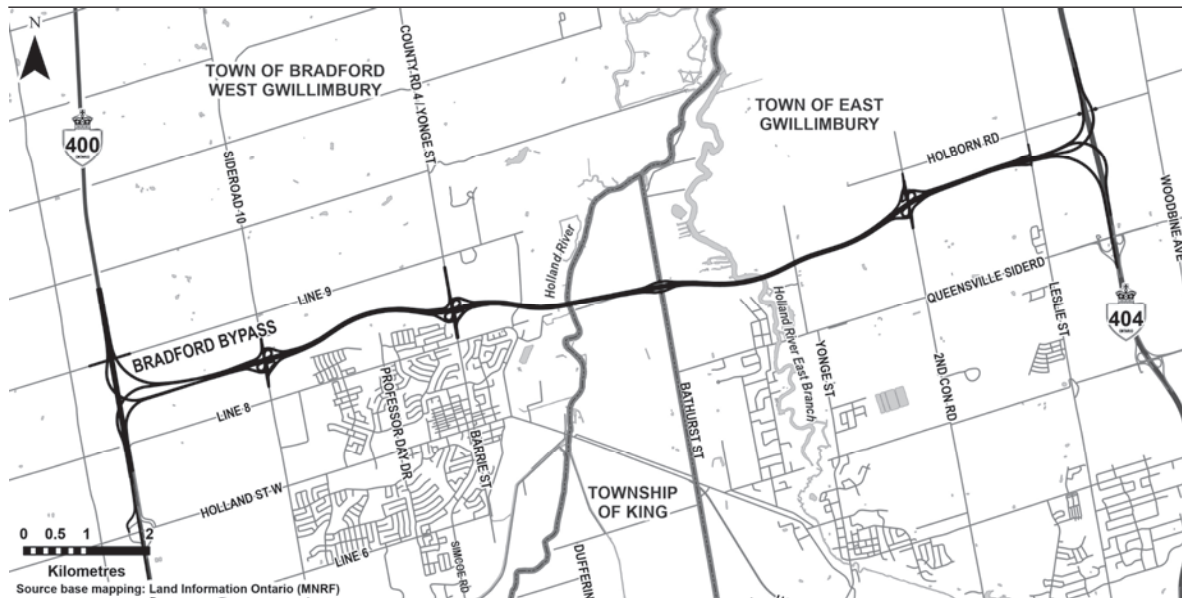
Ontario is helping prepare York Region and Simcoe County for rapid population growth in the next 10 years by building the Bradford Bypass, a new four-lane highway to connect Highways 400 and 404.

In 2022, an Early Works contract was awarded to build a new bridge at Simcoe County Road 4. Work started in fall 2022, including utility relocations. In 2023, construction began on the new bridge.

By the end of 2023, the government will initiate a new procurement for further pre-construction activities to advance the development of the Bradford Bypass. The government also plans to initiate another procurement in early 2024 for the bridge replacement and interchange reconstruction of the Highway 400/Simcoe County Road 88 interchange, which will enable the future Bradford Bypass connection with Highway 400.

Once complete, the Bradford Bypass will save drivers an estimated 35 minutes in travel time and is expected to create an estimated 2,640 jobs per year, on average, during construction as well as generate an estimated \$274 million in annual GDP.

Chart 1.5
Bradford Bypass Project Route



Source: Ontario Ministry of Transportation.

Expanding Highway 401

The Highway 401 corridor in Eastern Ontario is an important economic link between Ontario, Eastern Canada and the United States. It carries about 10,000 trucks with commodities valued at up to \$380 million per day. The government is continuing work to widen Highway 401 easterly from Brock Road in Pickering, as well as replacing bridges in Port Hope, helping tens of thousands of drivers per day get to work and home faster, as well as to get goods to market sooner.

Twinning the Queen Elizabeth Way Garden City Skyway

Ontario is moving forward with the Queen Elizabeth Way (QEW) Garden City Skyway Bridge Twinning project, which includes construction of a new twin bridge on the QEW over the Welland Canal connecting the City of St. Catharines to the Town of Niagara-on-the-Lake. This section of the highway supports the province's supply chain by linking the international border crossings at Niagara Falls and Fort Erie with the Greater Golden Horseshoe.

Building the New Highway 7

The next phase of construction for the new Highway 7 between Kitchener and Guelph will provide relief to the gridlocked Highway 401 and connect the fast-growing urban centres of Kitchener, Waterloo and Guelph.

The government is advancing the project with activities that include replacement of the Frederick Street bridge in Kitchener, environmental field work, and other engineering work to support construction on the remainder of the corridor.

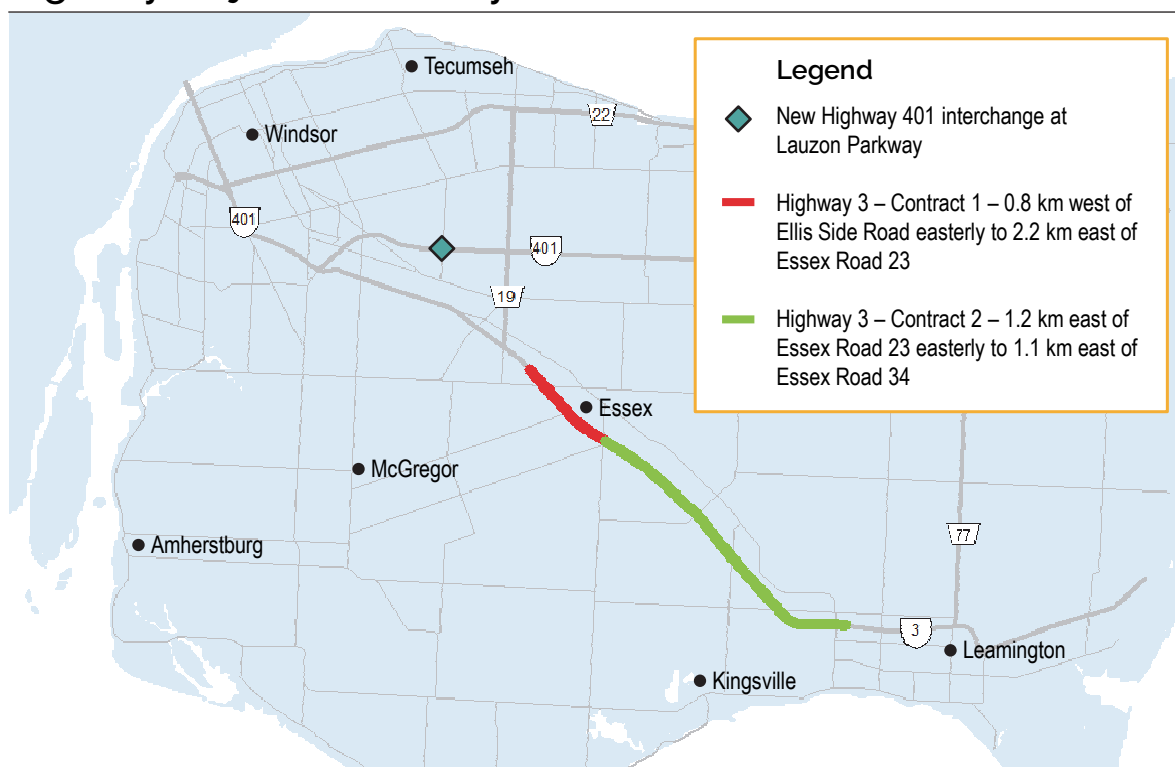
Investing in Highways in Southwestern Ontario

The government is continuing to improve road safety and keeping people and goods moving in Southwestern Ontario by awarding the contract to design, build and finance the widening of Highway 3 between Essex and Leamington.

The government is also initiating a procurement for an Environmental Assessment and the design of a new interchange connecting Highway 401 to Lauzon Parkway.

Advancing these critical transportation projects will increase economic growth and trade opportunities across Ontario's borders.

Chart 1.6
Highway Projects Underway in Southwestern Ontario



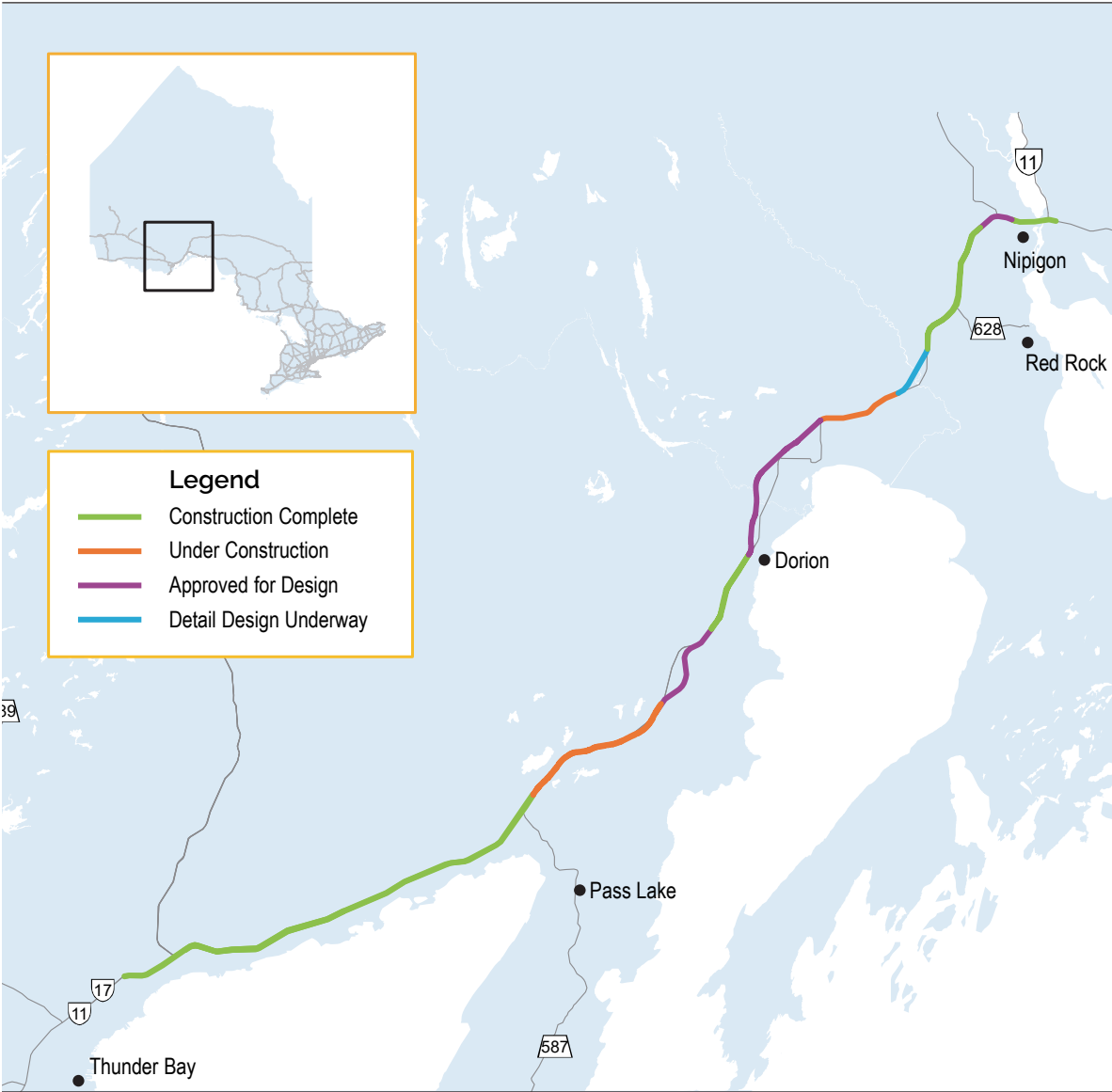
Source: Ontario Ministry of Transportation.

Building Highways for Northern Ontario

The government is investing in highways in the North to improve road safety and unlock economic opportunities. Projects include:

- The replacement of the Little Current Swing Bridge on Highway 6 in the Town of Northeastern Manitoulin and the Islands. The planning, preliminary design and Environmental Assessment have been completed and the project is proceeding with the next steps – property acquisition, right-of-way designation and detail design.
- Building the first ever 2+1 highway in North America on Highway 11 north of North Bay. In July 2023, a contract was awarded to begin assessment and design work.
- Expanded Highway 11/17 from Ouimet to Dorion East Loop in the Thunder Bay District. The nine kilometres of new lanes are part of a larger series of projects to widen 100 kilometres of the highway between Thunder Bay and Nipigon.

Chart 1.7
Current Status of Highway 11/17 Four-Lane Expansion Project —
Thunder Bay to Nipigon



Source: Ontario Ministry of Transportation.

Expanding and Improving Roads, Highways and Bridges Across Ontario

The government is investing \$28.1 billion over the next 10 years to connect communities, fight gridlock and keep goods and people moving across the province. The Ontario Highways Program includes more than 650 expansion and rehabilitation projects that are either underway or planned over the next four years. In 2023–24 alone, Ontario is investing \$3.2 billion towards projects that will expand and repair provincial highways and bridges.

The government is building capacity and enhancing road safety for travellers by:

- Widening Highway 17 from Kenora to the Manitoba border;
- Widening Highway 11/17 from two to four lanes between Thunder Bay and Nipigon for 14.4 km starting east of Highway 587; and
- Completing work to replace 11 bridges in five locations along Highway 417 in Ottawa. This work includes the rapid replacement of both eastbound and westbound bridges from Island Park Drive to Kent Street.

Table 1.1

Recently Completed Highway Projects

Northern	Eastern
• Highway 17 west of White River: Replaced the White River Bridge at Bremner. • Highway 11 in Greenstone: Resurfacing work 25 km north of Highway 17, northerly. • Highway 17 and Highway 638 east of Bruce Mines*: Resurfacing, bridge rehabilitation and culvert replacement east of Bruce Mines.	• Highway 417 east of Ottawa*: Reconstruction and improvements between Casselman and Highway 138. • Highway 7/115 in Peterborough*: Rehabilitation of seven bridges between Airport Road and Lansdowne Street. • Highway 62 in Hastings*: Rehabilitation of the Keller River Bridge.
Southwestern	Central
• Highway 401 in London: Pavement resurfacing 3.7 km west of Highway 4 (Colonel Talbot Road) to Highway 402. • Highway 3 in Essex County*: Widening from Ellis Side Road to Essex Road 23, Windsor to Leamington. • Highway 401 in Cambridge*: Widening from Waterloo Regional Road 24 (Hespeler Road) to Waterloo Regional Road 33 (Townline Road).	• Highway 400 and Highway 89 interchange: Reconstruction and bridge replacement in Simcoe. • QEW and Dixie Road interchange phase 1, from Etobicoke Creek to The East Mall: Bridge replacements in Mississauga. • Highway 427 Expansion Project: Extended the highway 6.6 km, from Highway 7 to Major Mackenzie Drive and widened the existing highway to eight lanes between Finch Avenue and Highway 7.

*Substantially completed projects that are open to motorists with minor finishing work underway.

Source: Ontario Ministry of Transportation.

Building Transit

Delivering on Ontario's Plan to Build with public transit projects is vital to supporting the province's economy, alleviating gridlock, and connecting more people to jobs and housing.

Building Transit-Oriented Communities

The population in the Greater Golden Horseshoe is projected to grow from 10 million to nearly 15 million people by 2051. To keep people connected to jobs, services and their communities, part of Ontario's plan is to build at least 1.5 million homes by 2031, including building mixed-use communities at or around transit stations. Transit-Oriented Communities will help increase transit ridership, create sustainable communities and build more homes, including affordable and attainable housing around GO Transit, light rail transit (LRT) and subways. Work is already underway to deliver on the Transit-Oriented Communities at eight future stations along the new Ontario Line and Yonge North Subway Extension, creating over 77,000 new jobs and approximately 48,000 new residential units.

In September 2023, the government introduced Bill 131, the Transportation for the Future Act, 2023, which, if passed, will provide a new, voluntary funding tool for municipalities. This tool could be used by municipalities to fund the design and construction of new GO stations and recoup costs over time as new development occurs around them, encouraging new housing and mixed-used communities.



Building Strong and Connected GO Transit Services

To better connect growing communities across the Greater Golden Horseshoe and Southwestern Ontario, the government is continuing to expand and build better GO rail and GO bus services to make it easier and faster for people to get where they need to. Ontario continues to invest in service improvements across the core network to bring two-way, all-day GO Transit service with faster trains, more stations and better connections.

- **Bowmanville GO Rail Extension:** The government has awarded a contract to advance the planning to extend GO rail service east of Oshawa into Bowmanville, which includes new tracks and signals, seven new bridges and at-grade crossing upgrades.
- **Bramalea GO Station:** The brand-new accessible station, parking garage, and bus loop will provide better access to GO Transit and Brampton Transit services. These improvements at the Bramalea GO Station will support future two-way, all-day GO train service along the Kitchener line and connect more people to transit, jobs and housing across the Greater Golden Horseshoe.
- **Niagara GO Rail Extension:** In May 2023, the government increased GO train service between Union Station and the Niagara Region, with more express service between Hamilton, Burlington and Toronto.
- **Aurora GO Station:** The government is making critical infrastructure upgrades to the Aurora GO Station, which will provide commuters with better service, more transit connections and future two-way, all-day service between Aurora GO Station and Union Station in Toronto. These improvements include a new second platform and track, a new pedestrian tunnel with elevators, additional parking spaces as well as rail signal upgrades.
- **Stouffville GO Line:** The government has completed major infrastructure improvements at Milliken and Agincourt GO stations along the Stouffville Line, which will increase safety and accessibility for customers, while supporting future two-way, all-day train service between Toronto and Markham.
- **Kitchener GO Rail Extension:** Following its contract award in May 2022, Metrolinx has begun work on the Guelph Central GO Station to construct a second platform, a new storage track for maintenance vehicles and a passing track in the community of Breslau to allow trains moving in opposite directions to pass each other. Metrolinx has begun work on a new fourth track between Lansdowne Avenue and Dupont Street and to realign the West Toronto Railpath, which will facilitate the new track to be installed and allow for more trains to be added to the Kitchener Line.
- **Milton GO Rail Expansion:** In May 2022, the new Kipling Transit Hub was completed. This new transit hub connects customers to GO Transit; MiWay (Mississauga Transit); TTC subway; buses, and parking — it also includes improved access for pedestrians and those entering the station by way of car and bicycle.

Supporting Year-Round Weekend GO Rail Service to Niagara

Ontario has brought back year-round weekend GO rail service between Union Station in Toronto and Niagara Falls. The service includes three round trips every day of the week, offering travellers a faster, more direct journey between downtown Toronto and one of Canada's top tourist destinations. Weekend GO train service will have special seasonal bike coaches, providing passengers with the opportunity to bring along bicycles to explore the 56-kilometre Niagara River corridor.

Building Subways

Work is underway on all four of Ontario's priority subway projects. The government is closer to providing better travel options, alleviating gridlock on the roads and creating thousands of good, local jobs.

The combined subway projects will support more than 16,000 jobs annually during construction over the next decade. Shovels are in the ground and recent milestones include:

- **Ontario Line:** The government received responses to its Requests for Proposals (RFPs) for the Pape Tunnel and Underground Stations and the Elevated Guideway and Stations contracts. Metrolinx and Infrastructure Ontario will enter into a development phase with the preferred proponent for each contract in 2024. Work is also underway in the Lakeshore East rail corridor, bringing transit upgrades including new rail bridges, retaining walls and noise walls to neighbourhoods surrounding the future sites of East Harbour, Riverside-Leslieville and Gerrard Stations.
- **Scarborough Subway Extension:** In November 2022, the government selected a development partner for the Stations, Rail and Systems Contract. This contract includes design and construction of three new underground stations and bus terminals at each station, and the current Development Phase is scheduled to end in 2024.
- **Yonge North Subway Extension:** In April 2023, the government issued a Request for Qualifications (RFQ) for the Advance Tunnel Contract for the Yonge North Subway Extension, which includes constructing the tunnels and building the launch and extraction shafts used for the tunnel boring machines. Upgrades at Finch Station, which will include improvements made to the electrical system that powers the rails, are underway.
- **Eglinton Crosstown West Extension:** Tunnelling on the project has commenced. As of September 2023, the two boring machines have tunnelled more than halfway, at a combined 8.2 kilometres.

Legend

- Yonge–University Line
- Bloor–Danforth Line
- Sheppard Line
- Eglinton Line
- GO LINES
- Yonge North Subway Extension (includes a potential station at Cummer)
- Scarborough Subway Extension
- Ontario Line
- Eglinton Crosstown West Extension (includes proposed connection to Pearson Airport)
- Proposed Sheppard East Extension
- Hazel McCallion Line
- Finch West LRT
- Hamilton LRT

The map illustrates the proposed subway network and its connections to the GO Train system. Key features include:

- Subway Lines:**
 - Yonge–University Line (Orange):** Extends from Union Station north to Finch West and south to Port Credit.
 - Bloor–Danforth Line (Green):** Extends from Union Station east to Danforth.
 - Sheppard Line (Pink):** Extends from Union Station east to Sheppard.
 - Eglinton Line (Blue):** Extends from Union Station west to Steeles.
 - Proposed Extensions:** Includes the Eglinton Crosstown West Extension to Pearson Airport, the Sheppard East Extension, and the Yonge North Subway Extension.
- GO Train Connections:**
 - GO Train to Hamilton/Niagara Falls:** Connects via the Hazel McCallion Line and Finch West LRT.
 - GO Train to Milton:** Connects via the Cooksville branch of the Eglinton Line.
 - GO Train to Oshawa/Bowmanville:** Connects via the Kennedy branch of the Sheppard Line.
 - GO Train to Lincolnville/Stouffville:** Connects via the Scarborough Centre branch of the Sheppard Line.
 - GO Train to Allandale/Waterfront/Barrie:** Connects via the Finch West LRT.
 - GO Train to Bloomington/Richmond Hill:** Connects via the High Tech branch of the Yonge–University Line.
 - GO Train to Kitchener:** Connects via the Steeles branch of the Eglinton Line.
- Other Features:** The map shows various transit hubs, including Pearson Airport, and labels for existing infrastructure like the Ontario Line and the proposed connection to Pearson Airport.

Bringing Back the Northlander

The government is investing \$139.5 million for three new trains that will bring back passenger rail service between Timmins and Toronto.

50

Investing in Indigenous Transportation Initiatives

The Ontario government is continuing to support community-driven transportation-related projects for Indigenous peoples in urban, rural and reserve settings across Ontario. In 2023, the government is providing up to \$584,000 to nine Indigenous organizations and communities to help support economic development, mobility and transportation safety.

Table 1.2

2023–24 Indigenous Transportation Initiatives

Communities	Organizations
• Kijicho Manito Madaouskarini Algonquin First Nation (Bancroft): A community well-being strategy designed to promote recreation, economic prosperity, cultural tourism, and healthier, safer living for all people. • Apitipi Anicinapek Nation (formerly Wahgoshig First Nation) (Matheson): Open existing trails and widen the road to provide safe access to the north end of the community where members have built cabins and need access. • Kitchenuhmaykoosib Inninuwug First Nation (Big Trout Lake): Transportation services to help children and youth access supports provided by the Choose Life programs and Jordan's Principle. • Red Rock First Nation (Nipigon): Shuttle bus service that will increase mobility and access for low-income and vulnerable community members. • Kawartha Nishnawbe First Nation (Trent Lakes): Building of a school bus shelter for children.	• Seven Generations Education Institute (Kenora): Safe and reliable transportation for students to support them in attending classes, travelling between campuses, participating in land-based learning and cultural events, and completing work placement opportunities. • Oshki-Pimache-O-Win: The Wenjack Education Institute (Fort William First Nation): A fuel handling truck driver safety program for First Nation communities to increase the number of licensed DZ truck drivers. • Tewegan Housing for Aboriginal Youth (Ottawa): Increase awareness of, and access to, transportation options for Indigenous young women moving to Ottawa, as well as map transit and inter-communal transportation with Inuit, First Nations, and Métis women and their families. • Temiskaming Native Women's Support Group (Temiskaming Shores): Vehicle purchases to transport community members both on- and off-reserve to access programs and services including health care, land-based and cultural activities, family support programs and employment training programs.

Source: Ontario Ministry of Transportation.

Building Community Infrastructure and Expanding High-Speed Internet Access

Expanding High-Speed Internet Access

Access to high-speed internet is essential for the growth and prosperity of communities across Ontario. High-speed internet will improve access to health services, help people work and learn online, start a business, participate in the agricultural sector and connect with their loved ones.

The government is investing nearly \$4 billion to ensure every community across the province has access to high-speed internet by the end of 2025. Multiple broadband programs and initiatives are being used to meet this goal, including:

- Completed an innovative competitive bidding process that quickly and cost-effectively identified service providers for unserved and underserved areas in Ontario. Agreements have been completed with eight successful Internet Service Providers (ISPs) that represent a diverse selection of local, regional and national carriers, helping with market competition and consumer choice.
- Investing more than \$63 million in the Southwestern Integrated Fibre Technology (SWIFT) project. To date, 84 of 97 SWIFT projects have been completed, bringing high-speed internet access to approximately 64,000 homes and businesses across Southwestern Ontario.
- Investing \$71 million in the Eastern Ontario Regional Network (EORN) to improve access to cellular service. This project is expected to generate as many as 3,000 jobs over 10 years and provide greater choice to residents and businesses.
- Improving connectivity in Northern Ontario, including \$10.9 million to bring improved internet access to several towns and First Nation communities across Northern Ontario.

Ontario launched a new interactive online map that shows where provincially funded high-speed internet projects are planned, are currently under way or have been recently completed.

Building Hospitals

The government is building a convenient and connected health care system that puts people first. This is why Ontario is delivering on the most ambitious plan for hospital expansion in the province's history. Ontario's plan will lead to investments of over \$48 billion over the next 10 years in health infrastructure, including over \$32 billion in capital grants. This includes supporting more than 50 hospital projects that would add 3,000 new beds over 10 years to improve access to reliable, quality care. Recent milestones include:

- **Brightshores Health System – Markdale Hospital:** In September 2023, this new hospital opened, providing people in the community with access to a new emergency room and convenient care in a modern facility.
- **Niagara Health System – New South Niagara Hospital Capital Project:** Construction began in summer 2023 on a new South Niagara Hospital that will include 156 net new beds.
- **Brant Community Healthcare System – Emergency Department Redevelopment Project:** In July 2023, the government supported the hospital in the award of a construction contract. This project will involve major renovations of the emergency department to address community growth.
- **Carleton Place & District Memorial Hospital – Emergency Department Redevelopment Project:** Work is underway to build a stand-alone emergency department to shorten wait times and improve access to care. The project is expected to be complete in late spring 2024.
- **Sault Area Hospital:** This project includes the addition of a new program to support cardiac procedures to connect people in Sault Ste. Marie and Northern Ontario to this critical care. The project is expected to be complete in December 2023.
- **Southwest Ontario Aboriginal Health Access Centre:** The recently completed Southwest Ontario Aboriginal Health Access Centre project has created newly renovated, culturally sensitive space in London for services such as: primary care, traditional healing, nutrition and healthy lifestyles, diabetes education and prevention, mental health/crisis counselling, aging at home, maternal child health and midwifery.
- **North of Superior Healthcare Group – Wilson Memorial General Hospital Site:** A new long-term care addition at the Wilson Memorial General Hospital Site will add 14 new long-term care beds and renovate shared accommodation spaces for complex continuing care beds to four single-occupancy rooms. These new and renovated beds are scheduled to be complete in summer 2025.

Building Long-Term Care Beds

Ontario continues to make progress on its plan to build modern, safe and comfortable long-term care homes for seniors and residents. Through planned investments that total a historic \$6.4 billion since 2019, Ontario is making progress to build more than 30,000 new and over 28,000 upgraded beds across the province by 2028.

Making Progress to Build Long-Term Care Homes

110 long-term care homes are either completed/open, under construction, or have the approval to start construction. This includes:

- 22 homes are completed/open, representing 1,763 new and 1,931 beds upgraded to modern design standards across the province.
- 88 homes are either under construction or are approved to start construction, representing 7,513 new and 6,997 beds being upgraded to modern design standards across the province.

As a result of the government's supplemental increase to the construction funding subsidy, designed to stimulate the start of construction for more long-term care homes across Ontario, the province advanced 67 long-term care homes to start construction between April 1, 2022 and August 31, 2023.

The Loan Guarantee program continues to support the development of long-term care beds in non-municipal not-for-profit and hospital projects.

Since the *2023 Budget*, the following long-term care homes have been completed and opened to new residents:

- **Southbridge Cornwall** opened in April 2023 with 95 new long-term care beds and 65 upgraded long-term care beds in Cornwall;
- **Stoneridge Manor** opened in May 2023 with 68 new long-term care beds and 60 upgraded long-term care beds in Carleton Place;
- **Humber Meadows Long-Term Care Home** opened in June 2023 with 320 new long-term care beds in North York; and
- **Ritz Lutheran/West Perth Village** opened in October 2023 with 128 upgraded long-term care beds in Mitchell.

Progress in building long-term care homes continues in Mississauga under the Accelerated Build Pilot Program. Wellbrook Place (Trillium Health Partners) is expected to open to residents in fall 2023, adding a total of 632 beds to the long-term care sector. Two long-term care homes have been completed and opened which include Lakeridge Gardens, located next to Lakeridge Health's Ajax Pickering Hospital which opened 320 beds to residents in March 2022; and Humber Meadows Long-Term Care Home (Humber River Hospital), which opened 320 beds to residents in June 2023.

Adding More Specialized Long-Term Care Beds

The government is investing \$5.5 million in 2023–24 to build new Behavioural Specialized Units in long-term care homes, including approximately 70 new specialized beds, to expand care for individuals with complex needs. Behavioural Specialized Units provide timely and appropriate support for individuals with responsive behaviours requiring increased levels of care. The government continues to provide connected and convenient health care for the people of Ontario by providing the right care in the right place.

Building Schools and Child Care Spaces

Making schools in Ontario modern, safe and accessible is key to helping students learn and develop. To support student success, the government is investing \$22 billion over the next 10 years, including close to \$15 billion in capital grants, to build new schools, add child care spaces and modernize school infrastructure. This includes \$1.4 billion for the current school year to support the repair and renewal needs of schools.

For the 2023–24 school year, 21 new schools and additions have opened, creating over 7,000 new student spaces, including six French-language school projects.



Table 1.3

School Projects Opening for the 2023–24 School Year

Northern - Maple View Public School in North Bay which serves 308 students and includes 73 licensed child care spaces. - Lasalle Elementary School in Sudbury which serves 387 students and includes 49 licensed child care spaces. - École publique de Thunder Bay in Thunder Bay which serves 257 French-language students.	Eastern - École élémentaire catholique des Deux-Rivières in Arnprior which serves 248 French-language students and includes 49 licensed child care spaces. - An addition to Westminster Public School in Brockville with 25 more licensed child care spaces. - An addition to St. Joseph Catholic Elementary School in Douro-Dummer with 92 more student spaces. - École secondaire publique Mille-Îles and École secondaire catholique Sainte-Marie-Rivier joint school in Kingston which serves 600 French-language students and includes 49 licensed child care spaces. - St. Bernadette School in Stittsville which serves 507 students and includes 39 licensed child care spaces. - An addition to Williamstown Public School in Williamstown with 121 more student spaces.
Southwestern - An addition to Peace Bridge Public School in Fort Erie with 121 more student spaces. - An addition to St. Anthony's Catholic School in Kincardine with 190 more student spaces and 78 more licensed child care spaces. - St. Josephine Bakhita Catholic Elementary School in Kitchener which serves 650 students and includes 88 licensed child care spaces. - West Niagara Secondary School in Lincoln which serves 1,533 students. - An addition to Hyland Heights Elementary School in Shelburne with 92 more student spaces. - Eastview Horizon Public School in Windsor which serves 501 students and includes 73 licensed child care spaces.	Central - An addition to École secondaire Jeunes sans frontières in Brampton with 207 more French-language student spaces. - E.J. Sand Public School in Markham which serves 409 students and includes 39 licensed child care spaces. - Glen Orchard Public School retrofit in Port Carling which includes 54 licensed child care spaces. - École secondaire Michelle-O'Bonsawin retrofit in Toronto which serves 501 French-language students. - An addition to Terry Fox Public School in Toronto with 276 more student spaces and 88 more licensed child care spaces.

Source: Ontario Ministry of Education.

Table 1.4

Continuing To Get Shovels in the Ground To Build More Schools

Northern	Eastern
• An addition to St. Mary School in Fort Frances which will add 69 student spaces. • A new English public elementary and secondary school in Rainy River which will serve 311 students and include 39 licensed child care spaces. • An addition to Tarentorus Public School in Sault Ste. Marie which will add 92 student spaces and 49 licensed child care spaces. • A new French Catholic elementary school in Val Thérèse which will serve 567 French-language students and include 73 licensed child care spaces.	• A new French public elementary school in Barrhaven which will serve 475 students and include 49 licensed child care spaces. • An addition at St. Joseph Catholic School in Belleville which will add 334 student spaces and 49 licensed child care spaces. • A new English public elementary school in Brockville which will serve 500 students and include 64 licensed child care spaces. • A new English public secondary school in Ottawa which will serve 1,353 students.
Southwestern	Central
• A new English public elementary and secondary school in Kingsville which will serve 1,798 students and include 98 licensed child care spaces. • An addition to St. Louis Catholic School in Leamington which will add 147 student spaces and include 63 licensed child care spaces. • An addition to Listowel Eastdale Public School in Listowel which will add 98 student spaces and 49 licensed child care spaces. • A new English Catholic elementary school in Sarnia which will serve 659 students and include 88 licensed child care spaces.	• A new English public elementary school in Brampton which will serve 850 students and include 73 licensed child care spaces. • A new English public elementary school in East Gwillimbury which will serve 638 students and include 39 licensed child care spaces. • A new Catholic elementary school in Milton which will serve 671 students and include 88 licensed child care spaces. • A new English public elementary school in Oshawa, which will serve 536 students and include 73 licensed child care spaces. • A new English public secondary school in Toronto which will serve 922 students. • A new French Catholic secondary school in Vaughan which will serve 407 students and include 49 licensed child care spaces.

Source: Ontario Ministry of Education.

Building Ontario Place

The redevelopment of Ontario Place is expected to create up to 5,000 construction and operations jobs and attract four to six million visitors annually. The province recently updated its development application to the City of Toronto to include:

- Approximately 50 acres of free parks, public and green spaces for everyone to enjoy;
- A new, modernized Ontario Science Centre to be integrated with the preserved and upgraded Cinesphere and POD complex;
- Additional waterfront programming, activity and play zones, and Indigenous elements and features throughout the site, as well as proposed Indigenous educational and programming opportunities;
- Public parking that will serve visitors across the site; and
- Improved mobility options such as upgrades to pedestrian bridges over Lake Shore Boulevard.

The redevelopment also includes plans to build a new marina with opportunities for waterside cafes, year-round restaurants and entertainment. Select marina industry experts will be engaged to gather input on how the marina can be modernized and better support visitors throughout the year.

The government is bringing Ontario Place back to life and exploring opportunities to include more food and beverage options around the new site.

While progress continues to repair the exteriors of the Cinesphere and PODs, construction also began in fall 2023 to upgrade and replace the site's existing infrastructure such as water, electrical and gas services that have not been updated in 50 years, so that new infrastructure meets current standards and codes.

Investing in the Ontario Community Infrastructure Fund

The Ontario Community Infrastructure Fund (OCIF) continues to build community infrastructure and provides investments in asset management planning for 425 small, rural and Northern communities across the province. The government doubled its annual investment to nearly \$2 billion over five years beginning in 2021–22 to help repair community infrastructure, such as roads, bridges, water and wastewater infrastructure.

Table 1.5

Supporting Communities Through Projects Under the Ontario Community Infrastructure Fund

Northern	Eastern
- Replacement of a storm sewer, asphalt rehabilitation and a culvert replacement along Highway 17 in the City of Dryden. - Replacement of the Mercury Avenue culvert in the Town of Atikokan to address aging infrastructure.	- Replacement of two watermain, sanitary sewers and storm sewers in the Town of Picton as part of the reconstruction of the town's Main Street. - Rehabilitation of the Drummond Street Bridge in the Town of Perth including new asphalt, handrails and sidewalks.
Southwestern	Central
- Reconstruction and streetscaping of 400 metres of road through the downtown of the Town of South Bruce Peninsula. Work includes improved utilities, asphalt road and parking improvements. - Replacement of 190 metres of watermain including road asphalt rehabilitation, storm sewer improvements and new sidewalks along Brien Avenue West in the Town of Essex.	- Rehabilitation of municipal roads in the Town of Aurora including improvements to pavement, curbs and sidewalks. - Conversion of the Huntsville Mountview Wastewater Treatment Plant to a large sewage pump station connected to the Huntsville Golden Pheasant Wastewater Treatment Plant as part of the wastewater improvements in the District Municipality of Muskoka.

Source: Ontario Ministry of Infrastructure.

Section B: Working for You

Introduction

Ontario continues to deliver on its plan to build a strong province for everyone. There are opportunities for all the people of Ontario to take part in and benefit from Ontario's Plan to Build, which works for workers, keeps costs down and provides better services.

Working for Workers

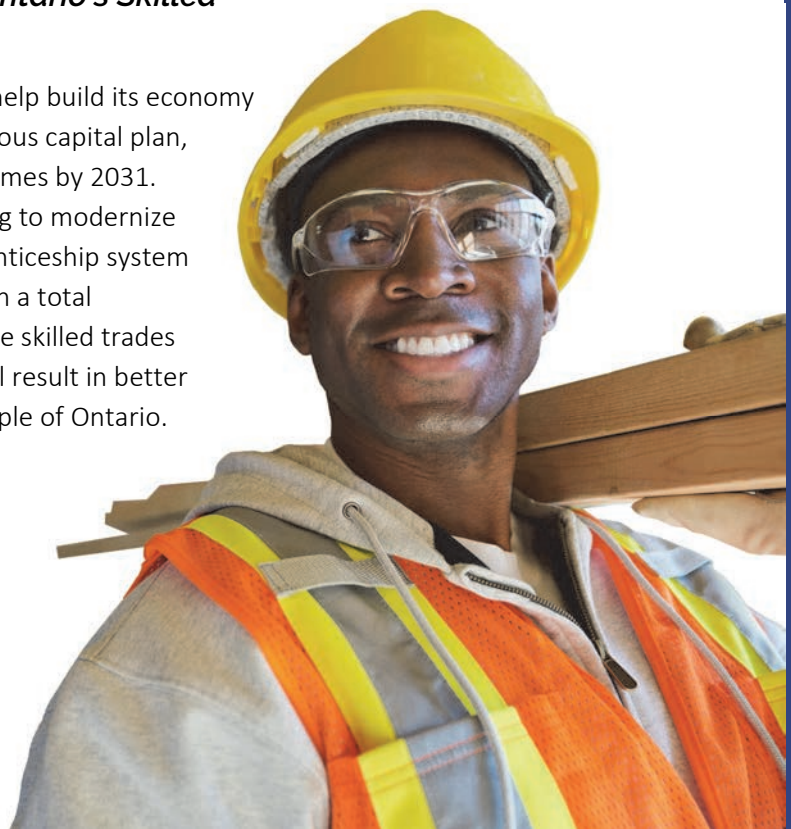
Building a strong Ontario together includes ensuring the province has highly skilled workers recruited and trained for the jobs of today and tomorrow. Ontario's Plan to Build requires all hands on deck to deliver on its objectives. This is why the province is making it easier for people to get the skills they need for a meaningful career in key sectors like health care and the skilled trades, while also helping workers plan for their retirement. The government's support has also improved working conditions for workers across many sectors and provided a hand-up to people who are helping to build the province.

Supporting Skills Development and Training

Ontario employers need over 200,000 workers to fill existing vacancies across the province. Some sectors such as health care and certain skilled trades continue to experience recruitment challenges and labour shortages. The government continues to invest in skills training and career supports to help connect job seekers and workers with their next big opportunity, so that they too can be a part of the plan to build a strong Ontario.

Training Apprentices Through Ontario's Skilled Trades Strategy

Ontario needs more skilled workers to help build its economy and deliver on the government's ambitious capital plan, as well as to build at least 1.5 million homes by 2031. This is why the government is continuing to modernize and evolve the skilled trades and apprenticeship system through the Skilled Trades Strategy, with a total investment of more than \$1 billion in the skilled trades over three years. These investments will result in better jobs and bigger paycheques for the people of Ontario.



Expanding Level Up! Career Fairs to Attract Young People to Skilled Trades

The government is expanding its successful Level Up! skilled trades career fairs to even more parts of Ontario so that more students can take part. This fall, more than 25,000 students in Grades 7 to 12, as well as parents and job seekers, will have the opportunity to learn about the 144 skilled trades through interactive exhibitions and hands-on activities, while hearing directly from tradespeople and local employers. These expanded fairs will reach twice as many students and give more young people the opportunity to unlock their potential in the trades.

Investing in Skills Training through the Skills Development Fund

To help address challenges to hiring, training and retaining workers, including apprentices, and to drive Ontario's economic growth, Ontario has invested over \$860 million in the Skills Development Fund Training Stream since its launch in 2021. Through its first three funding rounds, the Skills Development Fund Training Stream has supported close to 600 projects, helping over half a million people advance their careers and earn bigger paycheques.

Increasing Representation of Women and Young People in Construction Trades

Through the Skills Development Fund, the Ontario government has invested \$3.6 million with the Provincial Building and Construction Trades Council of Ontario to help over 2,200 women and young people across Ontario prepare for meaningful and good-paying careers in the construction trades. These free programs will focus on attracting more women than ever before to the industry, providing online training tools and exclusive employment opportunities to job seekers, and giving Grade 12 students a first-hand look at life-changing careers in construction.

Additionally, Ontario has made regulatory amendments to improve working conditions on construction sites and make the skilled trades more accessible to women. These amendments include measures that ensure women have access to at least one women's-only washroom on larger job sites and properly fitting equipment such as boots and safety harnesses.

Ontario is making significant investments in the Skills Development Fund, including:

- \$160 million in a fourth round of funding through the Training Stream, which prioritizes training programs for people who may face barriers to employment, such as those on social assistance; and
- \$224 million in the Capital Stream, announced in the *2023 Budget*, which provides more people with opportunities to learn new skills by building and upgrading brick-and-mortar training centres.

Empowering Electrician Apprentices Through the Skills Development Fund

Maddie is a first-year electrician apprentice working out of Spark Power's Mississauga branch. Maddie didn't always know she wanted to work in the trades. She initially thought she wanted to be a police officer. Someone told her she would make a good electrician.

Maddie began at Spark in a Shop Assistant role and was quickly offered an apprenticeship position because of her great attitude and clear ability to grasp concepts. Through the 'Spark U' program developed through the Skills Development Fund, Maddie was able to attend virtual courses which helped her develop the skills necessary for the apprenticeship. Maddie has become a leader not only at her branch but also amongst the female Spark employee group.

Teaching Students and Young People Across Ontario About the Skilled Trades

Recognizing the need to connect more young people to rewarding careers in the skilled trades, Ontario is investing \$5.4 million through the Skills Development Fund to design and build three mobile tech classrooms to teach students and young people about these careers. Built and operated by Skills Ontario, the tech classrooms will travel across the province and will feature hands-on learning stations and simulators for electrical systems, welding, crane operation, auto painting, tire and brake work, heavy machinery and more. The mobile classrooms will be fully operational by 2024 and will accommodate 150,000 students per year.

Encouraging Women to Become Millwrights Through the Skills Development Fund

Prior to becoming a millwright apprentice, Katrina worked as a sales associate at Mackenzie Milne. She was nervous about starting a new career as a millwright apprentice as she didn't know whether she would be able to keep up with the demands of the job. However, because Katrina loves working with her hands, she pursued the opportunity to learn new skills to advance her career.

The training she received at Millwright Local 1592, supported by the Skills Development Fund, helped her to get started in her new career. The mentors and millwrights Katrina worked with every day were supportive and helped greatly to develop her skills. Katrina has learned how to confidently and safely complete tasks that she never believed she would be able to do.

Attracting Skilled Newcomers and Helping Them Launch Their Careers in Ontario

Last year alone, nearly 500,000 more people came to Ontario, including skilled workers from around the world. To help those skilled newcomers start working in their trained fields faster, Ontario has invested \$3 million in 2023–24 to expand the Ontario Bridge Training Program. The province has passed legislation to mandate the removal of Canadian work experience requirements for certain regulated professions, making it easier for newcomers to work in the professions they trained for. In response to these legislative changes, earlier this year, Professional Engineers Ontario became the first association to remove Canadian work experience from their application criteria.

Building a strong Ontario together includes welcoming more skilled immigrants. This is why, through the *2023 Budget*, the government invested an additional \$25 million over three years in the Ontario Immigrant Nominee Program. The program nominates applicants for permanent residence who have the skills, experience and education to support Ontario's economy.

Supporting Skills Development for People With Disabilities

The government continues to remove barriers that exist between employers looking to hire workers and people with disabilities who are seeking employment. As announced in the *2023 Budget*, the government's investment of \$3.5 million over three years will support the Abilities Centre, which is a community hub in Whitby that offers a wide range of inclusive programming for people with disabilities. The investment supports programs like therapeutic recreation, skills development and post-rehabilitation programs that help people with disabilities build life skills and stay healthy and active, as well as employment services that help people with disabilities find meaningful work.

Providing Hands-On Learning Opportunities for Students

Ontario is helping students get the skills they need for their future careers by providing more access to practical learning. As announced in the *2023 Budget*, the government is providing an additional \$3.3 million over the next three years, beginning in 2023–24, to expand access to dual credit opportunities in health care-related courses for an additional 1,400 secondary students. This builds on the expansion of the Dual Credit Level 1 Apprenticeship programs announced in 2022, which allows more eligible students to take apprenticeship courses. These investments will create about 27,000 opportunities for students to earn dual credits towards their Ontario Secondary School Diploma and a postsecondary credential in 2023–24, increasing pathways for students seeking a rewarding career in health care, technology, early childhood education and skilled trades.

Engaging Students in Health Care Professions in Kenora

Secondary school students are learning about career options in the health care system through a new dual credit program offered jointly by Beaver Brae High School, Confederation College and Lake of the Woods District Hospital (LWDH). Through hands-on learning in the LWDH simulation suite and the Confederation College Health lab, Grade 12 students from the Kenora high school are learning about the health care system, social determinants of health, and professional roles and responsibilities. While the local college and high school have partnered to offer the dual credit program in other areas before, this is a first for the health care field.

To help postsecondary students get hands-on training for in-demand jobs, including those in key sectors such as critical minerals, manufacturing and health care, the government will continue to invest \$32.4 million over the next three years to support up to 6,500 high-quality paid research internships for undergraduate and graduate students, and postdoctoral fellows through Mitacs.

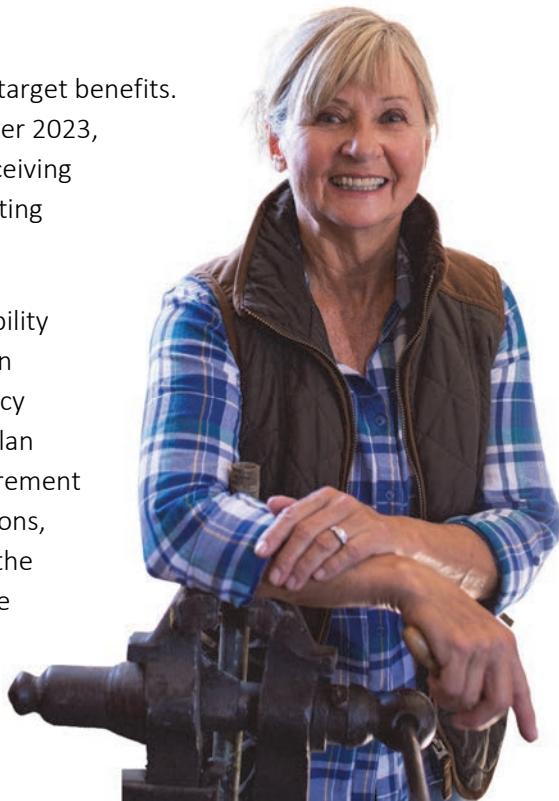
Helping Workers Plan for Retirement

Implementing a Target Benefit Framework

Target benefit pension plans are intended to provide a monthly stream of income in retirement at a predictable cost for employers. Multi-employer pension plans that would provide target benefits would often be created by a union or association within a specific industry, especially industries involving the skilled trades. This means members of these plans do not have to worry about whether they will be able to continue to participate in their plan even though they may move from employer to employer over time.

The government is working on a regulatory framework for target benefits. Through consultation papers issued in March and September 2023, the government has been engaging with the sector and receiving feedback on proposed regulations necessary for implementing this framework.

The proposed framework would help support the sustainability of these pension plans by building on best practices for plan funding and governance and by enhancing plan transparency through increased communication and engagement with plan members. The new framework would help protect the retirement security of workers in the skilled trades and other occupations, while also encouraging more people to choose a career in the skilled trades. Implementing the framework would pave the way for more employers to offer workplace pension plans, increasing the opportunities for workers to save for their retirement.



Recognizing the Importance of the Canada Pension Plan

The Canada Pension Plan (CPP) is a cornerstone of the Canadian retirement system. It is a sustainable, predictable and portable pension that all Canadians can rely on no matter where they choose to work and retire. Ontario's view is that the CPP's collective and uniquely Canadian approach benefits all workers and their families.

Keeping Your Costs Down

Putting Money Back in Your Pocket

It has been a challenging time for many across the province, which is why the government acted early to help put money back in people's pockets amid high inflation.

Extending Tax Relief at the Pumps

In spring 2022, the Ontario government cut the Gasoline Tax by 5.7 cents per litre and the Fuel Tax by 5.3 cents per litre. Statistics Canada had previously noted that the province's rate cut was a contributor to the decline in gas prices in Ontario in July 2022, helping to lower consumer price inflation.¹

To provide additional relief the government is proposing to extend the rate cuts so that the rate of tax on gasoline and fuel (diesel) would remain at nine cents per litre until June 30, 2024. This would save Ontario households \$260 on average over two years since 2022.

See *Annex: Details of Tax Measures and Other Legislative Initiatives* for further information.

¹ Statistics Canada, *The Daily: Consumer Price Index*, July 2022.

Eliminating Licence Plate Renewal Fees and Stickers

Through legislation passed in March 2022, refunds were provided to nearly eight million vehicle owners in Ontario and the annual licence plate renewal fee was eliminated for passenger vehicles, light-duty commercial vehicles, motorcycles and mopeds that are owned by individuals, a company or business, resulting in savings of \$1.1 billion per year for vehicle owners and \$3.3 billion since March 2020. For the average household this has resulted in \$600 in savings thus far.

Supporting GO Transit Co-Fare Discounts

The government has made it more affordable, easier and more convenient for families and workers to travel across the Greater Golden Horseshoe by eliminating double fares for most local transit when using GO Transit services. This means that riders do not pay an additional fare for most local transit systems when connecting to and from GO Transit. The government has also increased PRESTO discounts for youth and postsecondary students and continues to provide more riders with additional options and convenient ways to pay.

The GO Transit co-fare discount applies to the following transit systems: Durham Region Transit, Milton Transit, Grand River Transit, Guelph Transit, Oakville Transit, MiWay (Mississauga Transit), Brampton Transit, Hamilton Street Railway, Burlington Transit, Bradford West Gwillimbury Transit, York Region Transit and Barrie Transit. The government is working to expand this initiative to support more people using public transit to come into and out of Toronto.

Increasing the Minimum Wage

On October 1, 2023, the government increased the general minimum wage from \$15.50 to \$16.55 per hour, a 6.8 per cent pay raise that will help workers and their families keep up with rising costs. A worker making the general minimum wage and working 40 hours per week will see an annual pay increase of nearly \$2,200.

Improving the Ontario Disability Support Program

To encourage people who want to work more, without impacting their benefits, the government increased the monthly earnings exemption for persons with disabilities. The government is also adjusting monthly core allowance rates to inflation each July.

Temporarily Doubling Guaranteed Annual Income System Payments

To help eligible low-income seniors, the government temporarily doubled the Guaranteed Annual Income System payments for 2023. Starting in July 2024, the government will expand the program so that more seniors get the financial help they need.

Helping Seniors through the Ontario Seniors Care at Home Tax Credit

Introduced in 2022, this credit will provide an estimated \$115 million in support this year, or about \$550 on average, to over 200,000 low- to moderate-income senior families with eligible medical expenses, including expenses that support aging at home.

Providing Affordable Child Care

Through the Canada-wide Early Learning and Child Care Agreement, the province is making progress towards creating 86,000 new, high-quality, affordable child care spaces by 2026. By the end of 2023, over 23,000 new spaces will be created, including over 1,500 new licensed child care spaces in schools. Since December 31, 2022, out-of-pocket child care fees for parents across the province have been reduced to an average of 50 per cent of 2020 fees saving families an average of \$6,000 to \$10,000 per child annually. Child care fees will be further reduced to an average of \$10 per day by September 2025.

Building More Housing

Like the rest of Canada, Ontario is in a housing crisis – pricing people out of home ownership. This is why the government is helping to build at least 1.5 million homes by 2031. By building more homes, we can bring home ownership into reach for more people.

Removing HST on Purpose-Built Rentals

To help encourage the construction of more purpose-built rental housing, the government is taking steps to enhance the Ontario Harmonized Sales Tax (HST) New Residential Rental Property Rebate to remove the full eight per cent provincial portion of the HST on qualifying new purpose-built rental housing. The enhanced relief would apply to new purpose-built rental housing, such as apartment buildings, student housing and senior residences built specifically for long-term rental accommodation. This would mirror the enhancements to the federal Goods and Services Tax/Harmonized Sales Tax (GST/HST) New Residential Rental Property Rebate of the five per cent federal portion of the HST, and together would remove the full 13 per cent HST on qualifying new purpose-built rental housing in Ontario.

For a two-bedroom rental unit valued at \$500,000, the full provincial portion of the HST would be rebated — totalling \$40,000 in provincial tax relief.

The enhanced rebate would apply to qualifying projects that begin construction on or after September 14, 2023, and on or before December 31, 2030, and complete construction by December 31, 2035.

See *Annex: Details of Tax Measures and Other Legislative Initiatives* for further information.

Leading the Call for Federal Action on Tax Relief for New Rental Housing

Ontario welcomes the federal government's decision to act on Ontario's longstanding call to provide GST/HST relief on certain new purpose-built rental housing projects. Ontario first called on the federal government for GST/HST relief to support new rental housing development as part of More Homes, Built Faster: Ontario's Housing Supply Action Plan 2022–2023, released on October 25, 2022.

This call was reiterated:

- In the *2023 Ontario Budget: Building a Strong Ontario* released on March 23, 2023;
- In the Minister of Finance's response to the federal *Budget 2023* on March 28, 2023;
- In an April 6, 2023 news release announcing the Helping Homebuyers, Protecting Tenants plan; and
- At the Association of Municipalities of Ontario 2023 Annual General Meeting and Conference on August 22, 2023.

Building More Homes Faster With Modular Housing

Ontario is looking at modular construction and other innovative options to reduce the cost and speed up the creation of housing. A modular house is built using one or more prefabricated components or modules. It is constructed partially or completely off-site, then transported to a property for assembly. The government will engage with the construction sector, municipalities and Indigenous communities on the use of modular construction and other innovative technologies so that more people can live in a house that is affordable.

Addressing Homelessness for Asylum Claimants

The province is investing another \$42 million through the Canada-Ontario Housing Benefit program to support the City of Toronto and other impacted municipalities across the province in providing urgent assistance to a rapidly growing number of asylum claimants and other at-risk populations. This funding will assist approximately 4,000 households to move into housing and free up existing shelter spaces in impacted communities. Ontario has done its part, now the federal government needs to do theirs. The province continues to advocate strongly for Ontario municipalities and service managers to ensure they receive their fair share of federal funding to address the significant, ongoing rise in asylum claimants.

Increasing Housing Supply

Addressing the housing crisis requires Ontario to work together with the federal government, municipalities, the private sector and not-for-profits. To make housing more affordable for the people of Ontario, the government has continued to advance its *More Homes, More Choice: Ontario's Housing Supply Action Plan* to help build at least 1.5 million homes by 2031. These actions include:

- Announcing the Building Faster Fund, a new three-year \$1.2 billion fund that will provide up to \$400 million per year to municipalities that meet or exceed the housing targets they have pledged to achieve by 2031;
- Expanding strong mayor powers to provide municipalities the tools they need to build homes and meet their provincial targets;
- Launching the Streamline Development Approval Fund to provide over \$45 million to improve municipal process and reduce red tape, getting more homes approved faster; and
- Increasing the Non-Resident Speculation Tax rate to 25 percent provincewide to deter foreign speculation on the province's housing market and help make home ownership more attainable for the people of Ontario.

New measures in *Building a Strong Ontario Together*, including the Ontario Infrastructure Bank and the Housing-Enabling Water Systems Fund, build on actions already taken by the government.

Better Services for You

Making Health Care More Connected and Convenient

The services that families need to stay healthy should be easy and convenient to access. Ontario is building a better health care system to help people get the right care at the right time without having to travel too far or wait too long. *Your Health: A Plan for Connected and Convenient Care* is the government's plan for a connected and convenient health care system that is built around people.

The Right Care in the Right Place

Ontario is connecting people with the right care where and when they need it. As part of *Your Health: A Plan for Connected and Convenient Care*, the government is improving patient access so people have more options to access appropriate treatments and services to keep them healthy and connected in their homes and communities. This includes:

- To help more people receive care in the comfort of their own homes, the government **accelerated its commitment of \$1 billion over three years** to bring **home care** funding in 2023–24 up to \$569 million. This includes more than \$370 million to support home and community care workers through rate increases and investments to hire more care workers. This funding will also support the expansion of home care and community care programs such as adult day programs, meal services, transportation and assisted living services;
- Building on the historic investment of \$3.8 billion over 10 years for mental health and addictions services as part of the *Roadmap to Wellness: A Plan to Build Ontario's Mental Health and Addictions System* strategy, the government is investing an additional \$425 million over three years, starting in 2023–24. These investments support the **stabilization and expansion of existing mental health and addictions services**, including the implementation of innovative solutions, and improved access to mental health and addictions services and programs.

Expanding the Common Ailments Program

Building on the pharmacists' expanded scope of practice that took effect on January 1, 2023, the government continues to make it easier for people to access treatment for common ailments, closer to home. This is why, starting October 1, pharmacists can prescribe medications for treatment of the following common ailments.

- Acne (mild to moderate)
- Canker sores
- Cold sores
- Common rash
- Dermatitis
- Diaper dermatitis
- Gastroesophageal reflux disease
- Hemorrhoids
- Insect bites and hives
- Musculoskeletal sprains and strains
- Nausea and vomiting in pregnancy
- Oral thrush
- Painful menstruation
- Pink eye
- Pinworms and threadworms
- Seasonal allergies
- Tick bites
- Urinary tract infection
- Yeast infection

Expanding the role of Ontario's pharmacists is another significant step towards connecting the people of Ontario to faster care they need, right in their own communities.

Faster Access to Care

Providing Earlier Breast Cancer Screening

Earlier diagnosis of breast cancer can save lives. This is why Ontario is expanding provincial eligibility for breast cancer screening. Beginning in fall 2024, people ages 40 to 49 will be able to self-refer for a mammogram through the Ontario Breast Screening Program and will receive direct program support including communication of results and follow-up care.

The expansion of eligibility will increase access to breast cancer screening for more than 305,000 additional individuals, including those without a primary care provider. Earlier detection can mean less invasive treatment and better outcomes. This is another way that the government is helping to provide better and more convenient health care for the people of Ontario.

Reducing Wait Times for Care

People in Ontario have been waiting too long for surgeries and procedures. For care to be convenient and connected, people need to be able to access the services they need when they need them.

This is why, through the *2023 Budget*, Ontario invested an additional \$72 million to reduce wait times by offering more surgeries at community surgical and diagnostic centres. This investment will allow hospitals to turn their attention to more complex and high-risk surgeries, reduce surgical wait times, and ease emergency department pressures. As of June 2023, the waitlist for surgeries has been reduced by more than 25,000 from the peak in March 2022. The government has achieved this reduction in part through new partnerships with community surgical and diagnostic centres that shorten surgical wait times and by funding additional hours for procedures such as MRI and CT scans.

The government is committed to further reducing wait times by expanding funding to existing community surgical and diagnostic centres, as well as funding new centres for MRI/CT imaging, gastrointestinal endoscopy and orthopedic surgeries and procedures. Whether in a hospital or at a community surgical and diagnostic centre, the people of Ontario will always access the high-quality health care they need with their Ontario Health Insurance Plan (OHIP) card, and never their credit card.

Connecting Children and Youth to Care

When a child needs access to health care services, those services should be there for them. Earlier this year, Ontario announced a historic investment of \$330 million annually to better connect children and youth to surgeries, diagnostic imaging, emergency care, and mental health services. This investment in pediatric care will support hiring more staff so that more children can receive the care they need. This funding will also support increasing the number of people who can be seen, triaged and cared for on-site by investing in rapid access clinics that people can conveniently use instead of going to emergency departments during respiratory illness season.

Hiring More Health Care Workers

Ontario's dedicated and highly trained health care workers are the foundation of the province's health care system. They step up and work tirelessly every day to provide the care people need where and when they need it.

In 2022, Ontario added thousands of new physicians and nurses to the health care system to strengthen and stabilize the province's health care work force. This includes over 2,400 physicians, including close to 1,000 internationally educated physicians, and nearly 15,000 nurses, including almost 6,000 internationally educated nurses. The government is continuing to build a stronger health care workforce that Ontario needs with trained physicians, nurses, personal support workers and health care professionals to provide high quality care. This includes:

- The **Practice Ready Ontario** program breaks down barriers for internationally educated physicians by allowing them to practice in Ontario. The program will add more than 50 new physicians to the province's workforce by 2024;
- An **expansion of medical training seats** in Ontario will help address the need for more physicians in the province. Through the *2023 Budget*, the government more than doubled the previous investment of \$42.5 million over two years, with an additional \$100.8 million over three years to expand and accelerate the rollout of undergraduate and postgraduate seats. This will result in an additional 160 undergraduate positions and 295 more postgraduate positions by 2028. The government also invested an additional \$33 million over three years to add 100 undergraduate seats beginning in 2023, and 154 postgraduate medical training seats to prioritize Ontario residents trained at home and abroad, beginning in 2024. This will bring the total number of undergraduate seats to 1,212 and postgraduate training seats to 1,637 in Ontario by 2028;
- An additional **52 new physician assistant training seats** beginning in 2023 will help reduce wait times and improve patient access in high-need areas including emergency medicine and primary care;
- An **expansion of enrolment for nursing** in universities and colleges will help address the nursing shortage. Ontario is increasing enrollment by 2,000 registered nurse, 1,000 registered practical nurse and 150 nurse practitioner seats. Ontario's investment totalling over \$225 million over four years will support the addition of 8,000 nurses in the health care workforce by 2028;
- The government is providing additional supports for students who want to become a paramedic in Ontario by adding more than **300 spaces in paramedic programs** at provincial colleges across Ontario this year;

- The **Clinical Scholar Program** pairs an experienced frontline nurse as a dedicated mentor to newly graduated or internationally educated nurses as well as nurses wishing to upskill. The program ensures that nurses entering the workforce have the right supports to confidently transition into the nursing profession;
- The **Enhanced Extern** and **Supervised Practice Experience Partnership** programs extend supports to address staffing shortages by hiring qualified students from various health professions and internationally educated nurses to work in hospitals and the community. Through the *2023 Budget*, the government invested \$200 million in these programs to provide needed capacity for the workforce; and
- The **Dedicated Offload Nursing Program** helps to ensure timely 9-1-1 response in Ontario communities. Through the *2023 Budget*, the government invested an additional \$51 million over three years in this program to transfer ambulance patients to hospital care, thereby freeing paramedics to respond to other 9-1-1 emergency calls.

Bringing In-Demand Health Care Workers to Communities Across Ontario

As part of the government's plan to deliver more connected care, the province has opened applications for the newly expanded Ontario Learn and Stay Grant, as announced in the *2023 Budget*. The grant provides full, upfront funding for tuition, books and other direct educational costs for students who enrol in an eligible nursing, paramedic or medical laboratory technologist program in return for working in underserved communities where they studied for a term of service after graduation. The Ontario Learn and Stay Grant is designed to be responsive to evolving labour market needs. The grant has seen exceptional interest from students, with more than 5,000 students applying since the grant was launched this spring.



Protecting You and Your Family

Seeking Accountability for the Opioid Crisis

The opioid crisis has cost the people of Ontario enormously. This is why Ontario is actively participating in national litigation to hold pharmaceutical manufacturers, wholesalers and their marketing consultants accountable for damages caused by the opioid crisis. The government is proposing legislative changes that would strengthen Ontario's participation in these national lawsuits. Any proceeds would be invested into frontline mental health and addictions services.

Supporting Youth Leaving the Child Welfare System

Children and youth leaving the child welfare system are more likely to experience a range of negative outcomes, such as homelessness, mental health challenges, unemployment, low academic achievement, human trafficking and involvement in the justice system. This is why the government is investing \$170 million over three years to support the Ready, Set, Go program, to improve long-term outcomes for youth.

Launched on April 1, 2023, the program connects youth transitioning out of care with the life skills and supports they need to succeed, including pursuing postsecondary education, skilled trades training and employment opportunities. Under the new program, children's aid societies are required to help youth plan for the future, beginning at age 13. The program allows youth to remain in care until the age of 23, up from age 21, and provides monthly financial support to enhance safety and stability for youth leaving care. In 2023–24, this new program is expected to support more than 4,000 youth as they prepare for adulthood.

Combatting Guns, Gangs and Violence

Criminal offences such as auto theft, property damage, drug trafficking, homicide and weapons offences are consistently linked to gang membership. Gang members and those who commit violent crimes put community safety at risk. This is why the government is investing \$13.4 million in 2023–24 through the Guns, Gangs and Violence Reduction Strategy to fight gun- and gang-related crime, including investments to support policing, prosecution, correctional services and victims of crime.

Since April 2019, the strategy has supported 155 investigations, 1,707 arrests, 10,891 charges and the seizure of 686 firearms. Over 9.7 tonnes of illicit drugs have been confiscated, with an approximate street value of \$179.6 million. Most importantly, 54 survivors, mostly young women and youth, have been rescued from the horrific conditions of human trafficking.

Cracking Down on Auto Theft

Auto theft is a serious and growing challenge that is impacting jurisdictions across Canada, especially Ontario. It also burdens people with higher insurance premiums needed to cover the cost of stolen vehicles.

Ontario is fighting auto theft through an investment of \$51 million in new measures to help police identify and dismantle organized crime networks and put those responsible behind bars. The funding also supports first-of-its kind auto theft prosecution teams to investigate and prosecute criminal organizations that profit from stolen vehicles.

To help stop the illegal export of stolen vehicles and target violent crime linked to criminal organizations, the Ontario government is also investing \$1.4 million over three years in the Greater Toronto Area-Greater Golden Horseshoe Investigative Fund. This funding will continue to provide eligible police services with the resources they need, including cutting-edge technology.

Ontario will work with the Financial Services Regulatory Authority of Ontario so Ontario drivers are properly informed of the risks of auto theft. Furthermore, the Ontario government is urging the Canada Border Services Agency, the Royal Canadian Mounted Police, Montreal and Halifax Port Authorities, and shipping container and rail companies to support efforts to combat auto theft. Additionally, the Ontario government is calling on the Government of Canada to make investments that increase outbound inspections at Canadian ports; examine the increased use of police pre-clearance of containers and consider the role that railway companies can play in tackling auto theft.

Fighting auto theft helps with reducing auto insurance premiums. The government is also continuing to work with industry stakeholders to identify opportunities to increase choice, improve access to benefits, reduce disputes and combat fraud and abuse in auto insurance.



Chapter 2

Economic Performance and Outlook

Introduction

Ontario's economy continues to be affected by heightened economic and geopolitical uncertainties and the impact of high interest rates and a slowing global economy. While Ontario's economy has continued to grow in the first half of 2023, recently there have been signs of slowing in response to higher interest rates. Real GDP growth edged up 0.2 per cent in the second quarter, following growth of 0.8 per cent in the first quarter. Overall employment gains were strong in the first half of 2023 but have eased in recent months.

Ontario's real GDP is projected to rise 1.1 per cent in 2023, 0.5 per cent in 2024, 2.0 per cent in 2025 and 2.8 per cent in 2026. Since the *2023 Budget*, forecasts have been revised upwards for 2023 and lower for 2024 and 2025. For the purposes of prudent fiscal planning, these projections are set slightly below the average of private-sector forecasts.

Table 2.1

Summary of Ontario's Economic Outlook

(Per Cent)

	2022	2023p	2024p	2025p	2026p
Real GDP Growth	3.7	1.1	0.5	2.0	2.8
Nominal GDP Growth	9.2	3.6	2.9	4.2	4.8
Employment Growth	4.6	2.3	0.8	1.5	1.9
CPI Inflation	6.8	3.7	2.5	2.1	2.0

p = Ontario Ministry of Finance planning projection based on external sources as of September 29, 2023.

Sources: Statistics Canada and Ontario Ministry of Finance.

Revisions to the Outlook Since the 2023 Budget

The outlook over the 2023 to 2026 period has been revised compared to the projections in the *2023 Budget*. Key changes since the *2023 Budget* include:

- Stronger growth in both real and nominal GDP in 2023 and slower growth between 2024 and 2025, with growth strengthening in 2026;
- Stronger employment growth in 2023 followed by slower job creation in 2024 and 2025;
- Downward revisions to net operating surplus of corporations growth in all years; and
- Higher projected housing starts in all years and weaker home resales in 2023 and 2024, followed by a strong rebound in 2025.

Table 2.2

Changes in the Ontario Ministry of Finance Key Economic Forecast Assumptions: 2023 Budget Compared to the 2023 Ontario Economic Outlook and Fiscal Review (FES)

(Per Cent Change)

	2023p		2024p		2025p		2026p	
	2023 Budget	2023 FES	2023 Budget	2023 FES	2023 Budget	2023 FES	2023 Budget	2023 FES
Real Gross Domestic Product	0.2	1.1	1.3	0.5	2.5	2.0	2.4	2.8
Nominal Gross Domestic Product	2.8	3.6	3.6	2.9	4.6	4.2	4.5	4.8
Compensation of Employees	5.1	6.3	4.2	3.9	4.5	4.6	4.2	4.4
Net Operating Surplus — Corporations	(8.2)	(9.2)	(0.5)	(3.1)	9.2	4.9	9.1	7.5
Nominal Household Consumption	5.1	5.4	4.1	3.6	4.3	4.2	4.2	4.7
Other Economic Indicators								
Employment	0.5	2.3	1.0	0.8	1.7	1.5	1.7	1.9
Job Creation (000s)	39	176	78	63	133	120	136	154
Unemployment Rate (Per Cent)	6.4	5.6	6.6	6.4	6.3	6.2	6.3	5.8
Consumer Price Index	3.6	3.7	2.1	2.5	2.0	2.1	2.0	2.0
Housing Starts (000s) ¹	80.3	89.5	79.3	84.5	82.7	89.2	83.2	94.4
Home Resales	(8.9)	(11.7)	21.0	11.5	1.2	22.5	1.2	1.2
Home Resale Prices	(9.7)	(4.6)	2.2	1.3	4.0	3.6	4.0	4.0
Key External Variables								
U.S. Real Gross Domestic Product	0.5	2.2	1.2	1.1	2.1	1.7	2.1	2.1
WTI Crude Oil (\$US per Barrel)	83	78	80	79	79	77	79	78
Canadian Dollar (Cents US)	74.4	74.4	76.5	75.8	77.6	77.0	78.5	77.9
Three-Month Treasury Bill Rate ²	4.3	4.8	3.3	4.4	2.5	2.9	2.4	2.6
10-Year Government Bond Rate ²	3.1	3.3	3.1	3.3	3.1	3.2	3.2	3.2

p = Ontario Ministry of Finance planning projection based on external sources as of September 29, 2023.

¹ Housing starts projection based on private-sector average as of September 29, 2023.

² Government of Canada interest rates (per cent).

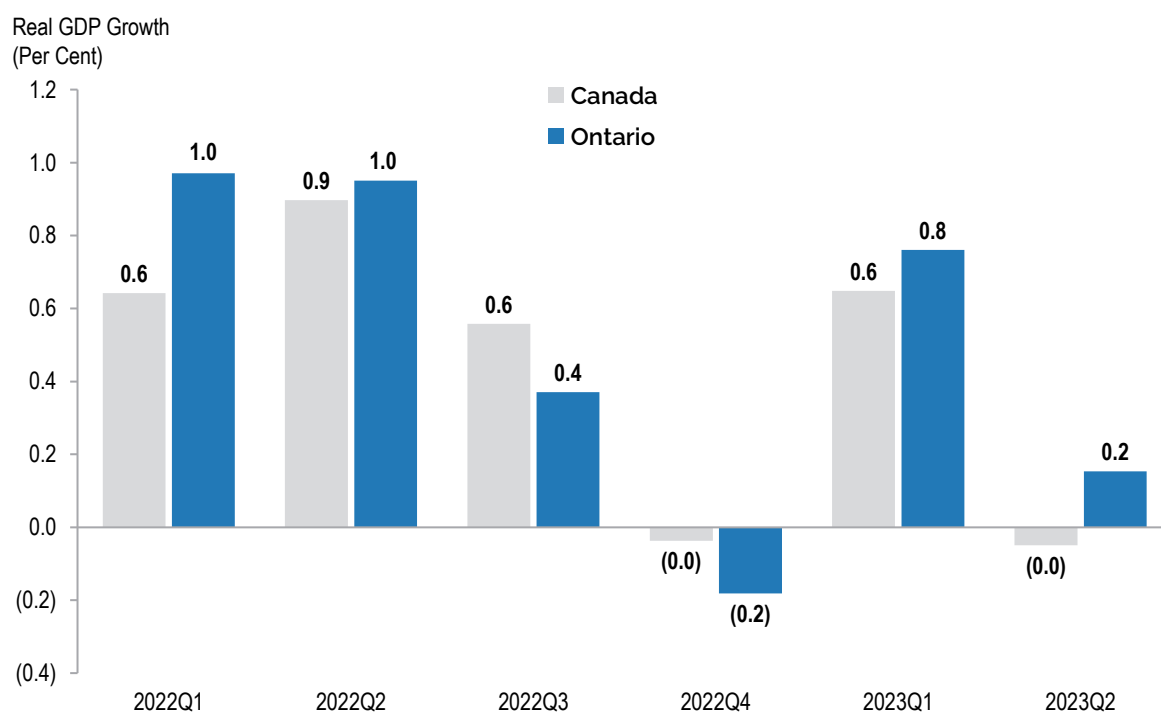
Sources: Statistics Canada; Canada Mortgage and Housing Corporation; Canadian Real Estate Association; Bank of Canada; United States Bureau of Economic Analysis; *Blue Chip Economic Indicators* (October 2023); U.S. Energy Information Administration; and Ontario Ministry of Finance.

Recent Economic Performance

Real GDP growth in Ontario slightly outpaced Canada over the first half of 2023. Ontario real GDP advanced by 0.8 per cent in the first quarter of 2023, followed by a gain of 0.2 per cent in the second quarter. Growth has been supported by consumer spending and exports. As of the second quarter, Ontario's real GDP was 4.9 per cent above the pre-COVID-19 pandemic level in 2019Q4.

Canada's real GDP grew by 0.6 per cent in the first quarter of 2023 but declined slightly in the second quarter due to weak residential investment and slower household spending and export growth.

Chart 2.1
Ontario Real GDP Outperforms Canada in First Half of 2023



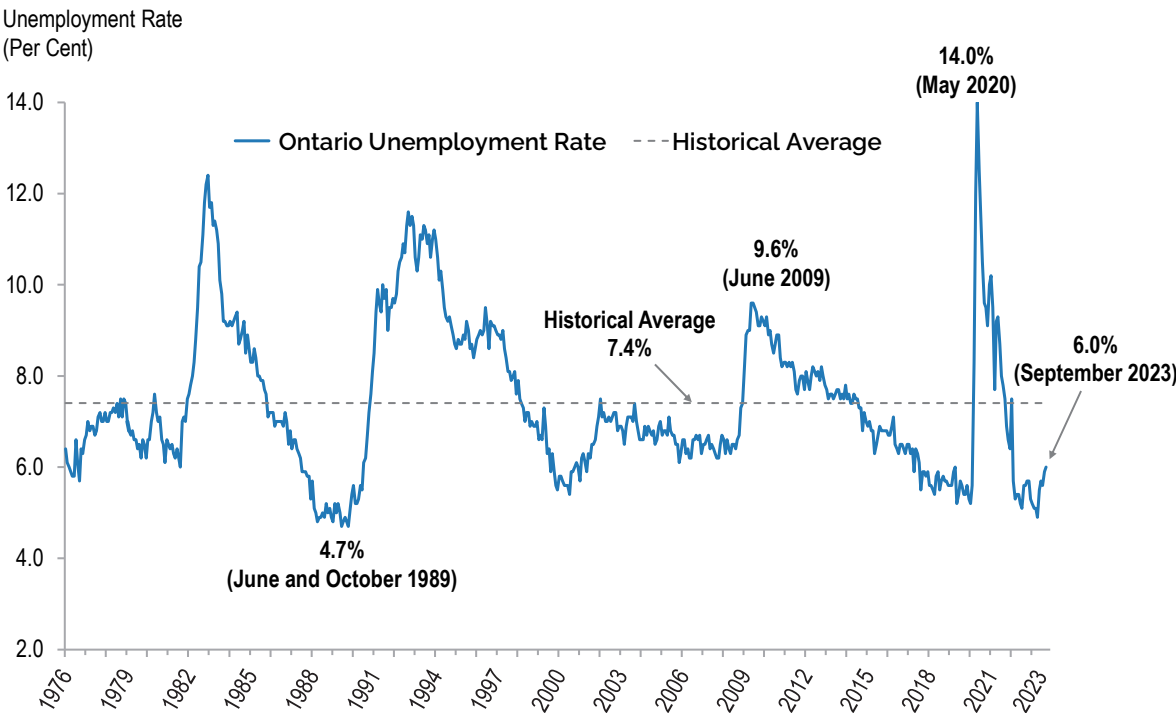
Sources: Ontario Ministry of Finance and Statistics Canada.

Ontario Labour Market

Over the first nine months of the year, employment in Ontario has increased by over 170,000, concentrated in full-time and private-sector positions. However, recently there has been a slowdown in employment growth, with an increase of 40,800 between May and September, compared to 132,500 over the first four months of the year.

Ontario has an unemployment rate of 6.0 per cent as of September 2023, well below its long-term historical average of 7.4 per cent. However, the unemployment rate has risen by more than a percentage point from 4.9 per cent since April of this year. The rise in the unemployment rate reflects the recent slowdown in employment growth, as well as the continued expansion of the labour force, driven in part by strong underlying population growth.

Chart 2.2
Ontario Unemployment Rate Remains Low



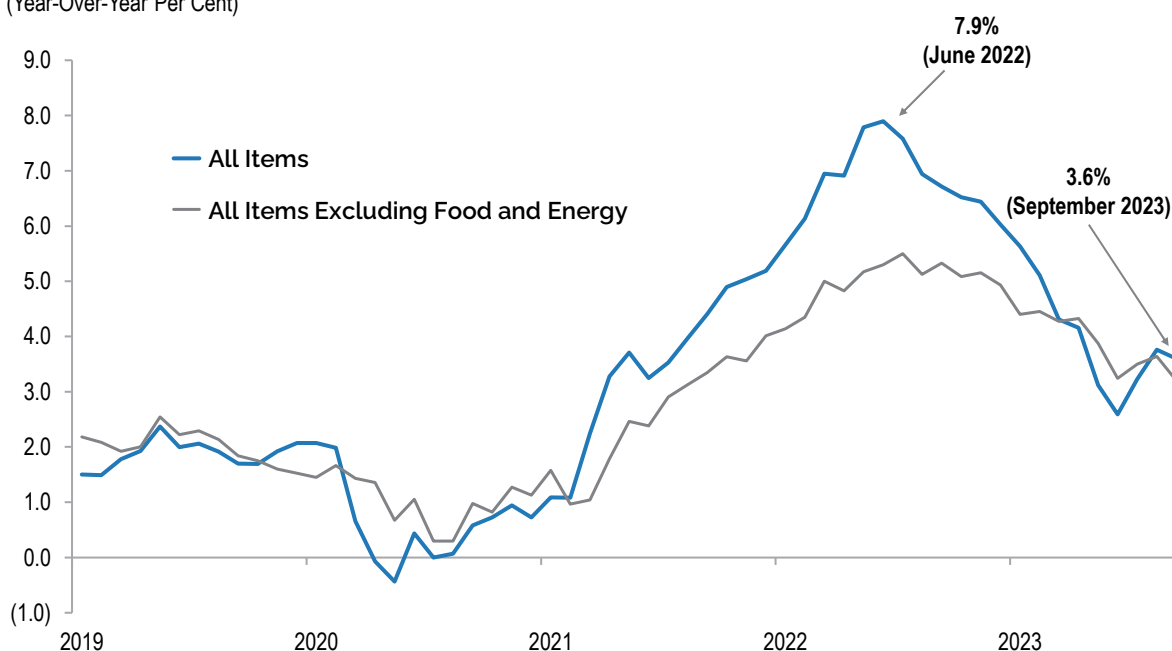
Note: The latest data point is September 2023.
Source: Statistics Canada.

Consumer Price Inflation

Ontario Consumer Price Index (CPI) inflation has eased significantly since reaching 7.9 per cent (year-over-year) in June 2022. However, inflation has accelerated in recent months, with headline inflation in Ontario rising from more than a two-year low of 2.6 per cent in June 2023 to 3.6 per cent in September. Ontario's core inflation, which excludes volatile food and energy prices, was 3.2 per cent in September. This September data for core inflation matches the recent low of 3.2 per cent for this indicator in June 2023.

Chart 2.3
Ontario Consumer Price Inflation Down but Remains Elevated

Consumer Price Index Inflation
(Year-Over-Year Per Cent)



Note: Latest data point is September 2023.

Source: Statistics Canada.

Economic Outlook

The Ontario Ministry of Finance regularly consults with private-sector economists and continually tracks their forecasts to inform the government's planning assumptions.

Private-sector forecasters, on average, are projecting that Ontario's real GDP will grow by 1.2 per cent in 2023, 0.6 per cent in 2024, 2.1 per cent in 2025 and 2.9 per cent in 2026. Since the *2023 Budget*, forecasts have been revised upwards for 2023 and 2026 and downwards for 2024 and 2025. The Ontario Ministry of Finance's real GDP projections continue to be set slightly below the average of private-sector forecasts in each year for prudent planning purposes.

Table 2.3

Private-Sector Forecasts for Ontario Real GDP Growth

(Per Cent)

	2023	2024	2025	2026
Stokes Economics (August)	0.9	0.6	2.4	3.0
Royal Bank of Canada (September)	1.1	0.2	–	–
Scotiabank (September)	1.3	0.8	–	–
National Bank of Canada (September)	1.0	0.1	–	–
Laurentian Bank Securities (September)	1.5	0.4	–	–
TD Bank Group (September)	1.1	0.4	1.5	1.8
Desjardins Group (July)	1.6	0.1	–	–
BMO Capital Markets (September)	1.2	0.5	–	–
The Conference Board of Canada (August)	1.3	1.0	2.7	2.3
CIBC Capital Markets (September)	1.2	0.3	2.0	–
Central 1 Credit Union (September)	1.1	1.1	1.8	–
Quantitative Economic Decisions, Inc. (September)	1.3	0.9	1.4	4.4
University of Toronto (September)	1.3	1.1	2.8	3.0
Private-Sector Survey Average	1.2	0.6	2.1	2.9
Ontario's Planning Assumption	1.1	0.5	2.0	2.8

Sources: Ontario Ministry of Finance Survey of Forecasters (September 29, 2023) and Ontario Ministry of Finance.

Private-sector forecasters, on average, are projecting that Ontario's nominal GDP will grow by 3.7 per cent in 2023, 3.0 per cent in 2024, 4.3 per cent in 2025 and 4.9 per cent in 2026. The Ontario Ministry of Finance's nominal GDP projections continue to be set slightly below the average of private-sector forecasts in each year for prudent planning purposes.

Table 2.4

Private-Sector Forecasts for Ontario Nominal GDP Growth

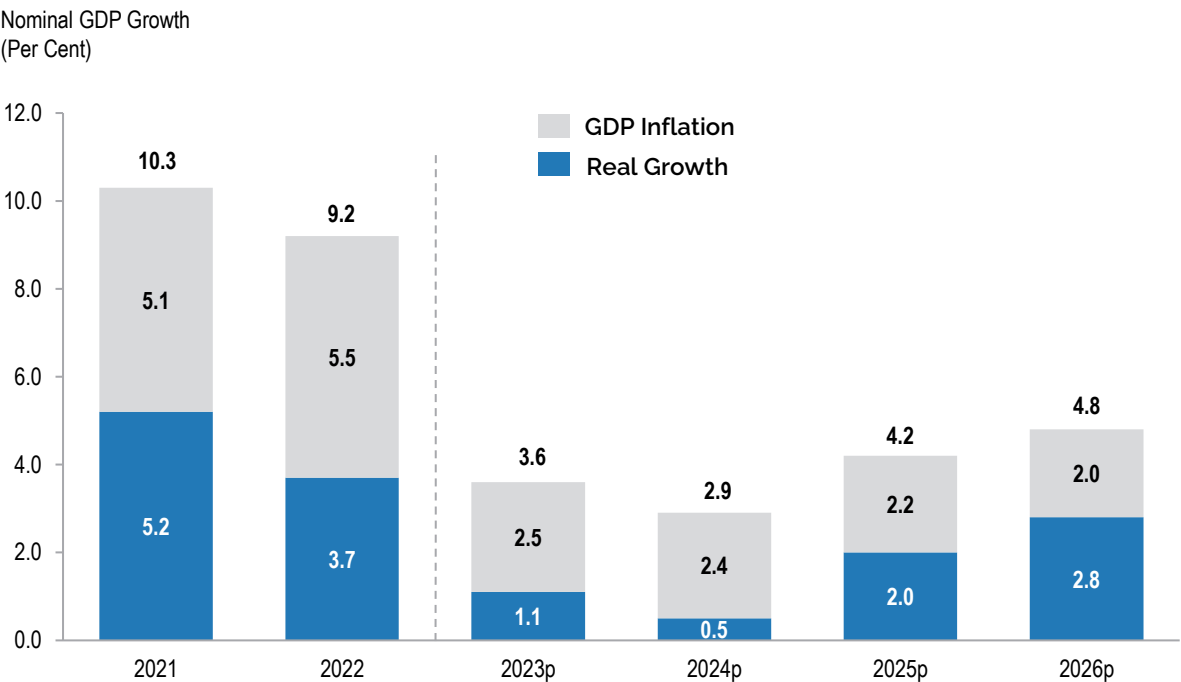
(Per Cent)

	2023	2024	2025	2026
Stokes Economics (August)	4.8	2.6	4.7	5.4
Royal Bank of Canada (September)	2.7	2.1	–	–
Scotiabank (September)	2.6	3.2	–	–
National Bank of Canada (September)	3.3	2.4	–	–
Laurentian Bank Securities (September)	4.1	2.9	–	–
TD Bank Group (September)	3.6	3.1	3.5	3.8
Desjardins Group (July)	2.7	1.4	–	–
BMO Capital Markets (September)	3.6	2.9	–	–
The Conference Board of Canada (August)	4.7	3.8	4.7	4.4
CIBC Capital Markets (September)	2.9	2.2	4.3	–
Central 1 Credit Union (September)	4.0	3.7	3.6	–
Quantitative Economic Decisions, Inc. (September)	5.7	4.9	4.1	5.8
University of Toronto (September)	3.9	3.9	5.0	5.1
Private-Sector Survey Average	3.7	3.0	4.3	4.9
Ontario's Planning Assumption	3.6	2.9	4.2	4.8

Sources: Ontario Ministry of Finance Survey of Forecasters (September 29, 2023) and Ontario Ministry of Finance.

The Ontario Ministry of Finance is projecting that Ontario nominal GDP will rise by 3.6 per cent in 2023 and 2.9 per cent in 2024, reflecting a moderation in both real GDP growth as well as GDP inflation. Nominal GDP growth is projected to accelerate to 4.2 per cent in 2025 and 4.8 per cent in 2026, due largely to stronger growth in real GDP.

Chart 2.4
Ontario GDP Growth Projected to Normalize



p = Ontario Ministry of Finance planning projection based on external sources as of September 29, 2023.
Sources: Statistics Canada and Ontario Ministry of Finance.

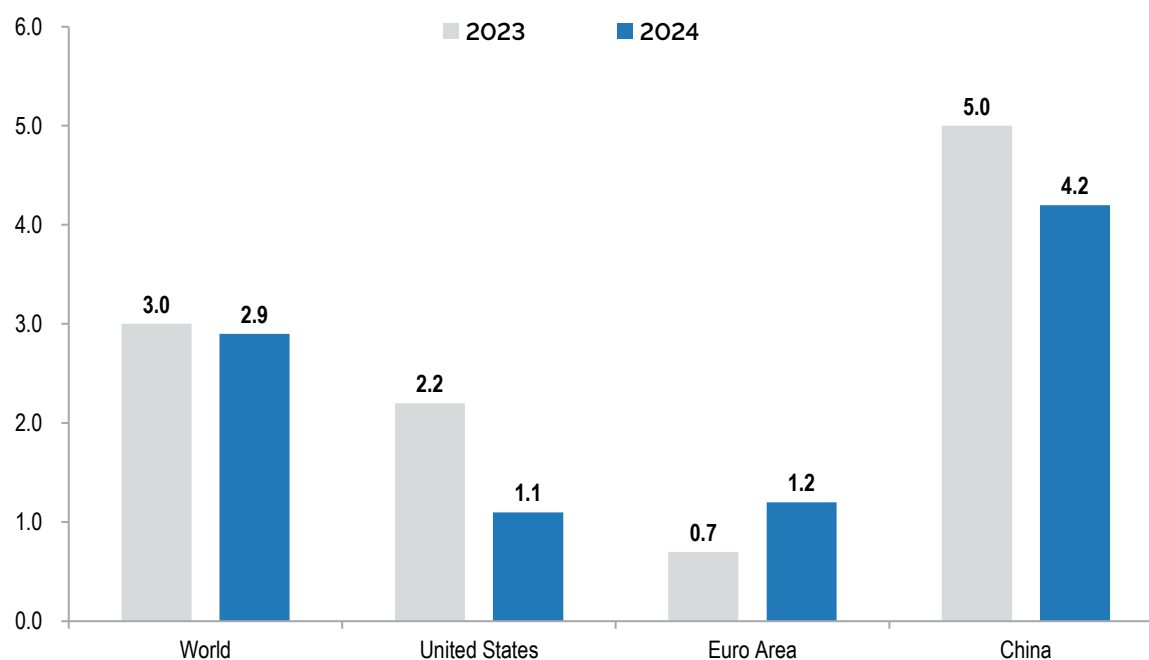
Global Economic Environment

Global economic forecasts for 2024 continue to show growth moderating, as elevated inflation has prompted key central banks to further tighten monetary policy. The International Monetary Fund projects global real GDP growth of 3.0 per cent in 2023 and 2.9 per cent in 2024, compared to growth of 2.9 per cent in 2023 and 3.1 per cent in 2024 that was forecast in January.

United States real GDP is projected to increase by 2.2 per cent in 2023 and 1.1 per cent in 2024. Euro area real GDP is projected to rise 0.7 per cent in 2023 and 1.2 per cent in 2024. China's real GDP is forecast to rise 5.0 per cent in 2023 and 4.2 per cent in 2024.

Chart 2.5
Global Real GDP Growth Projections

Real GDP Growth
(Per Cent)

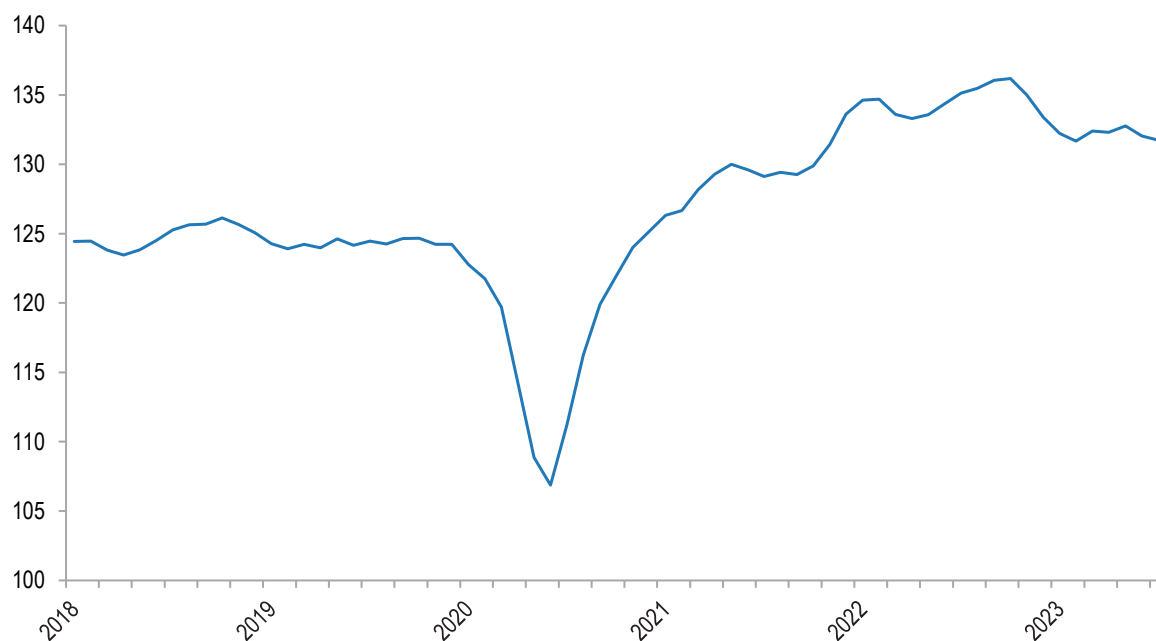


Sources: International Monetary Fund (October 2023) and *Blue Chip Economic Indicators* (October 2023).

Global merchandise trade growth has recently slowed after a rapid recovery from pandemic-era lows. Recent data from the *World Trade Monitor* suggests that the volume of global trade peaked in late 2022 and has since been trending downwards, as a consequence of higher interest rates around the world suppressing demand.

Chart 2.6 World Trade Volumes Slowing

Index, 3-Month Moving Average
(2010 = 100)



Source: CPB Netherlands Bureau for Economic Policy Analysis, *World Trade Monitor* (September 2023).

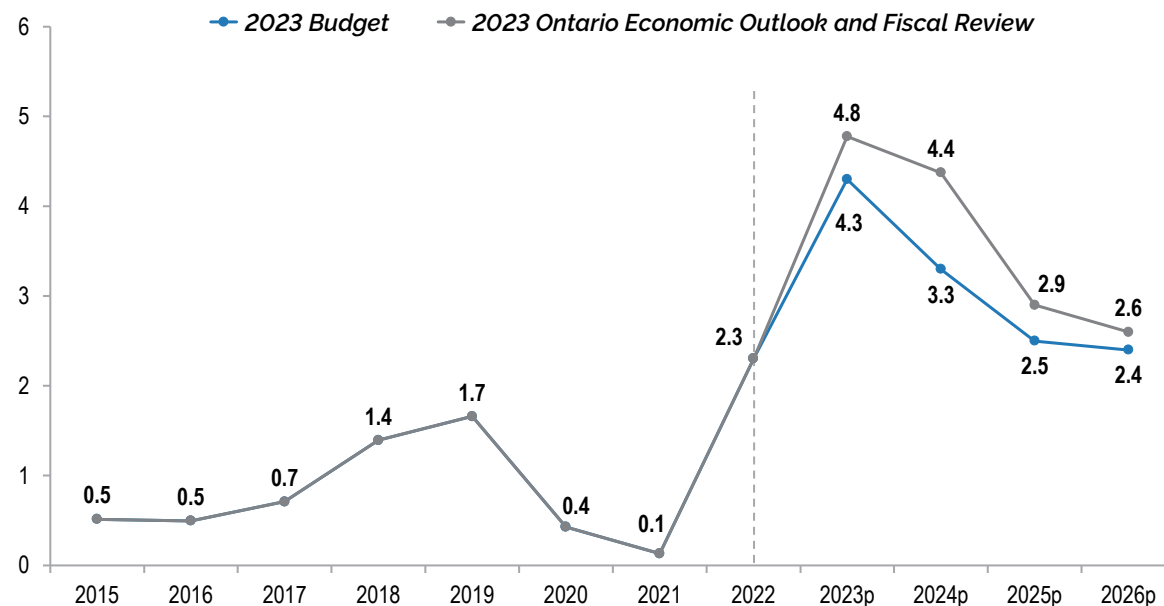
Financial Markets and Other External Factors

Persistently elevated consumer price inflation in Canada prompted the Bank of Canada to raise its policy interest rate by an additional 0.5 percentage points since the time of the *2023 Budget*. The Bank of Canada policy interest rate currently stands at 5.0 per cent, well above the 2.0 to 3.0 per cent range that the Bank considers its ‘neutral rate’ indicating restrictive monetary policy. The Bank of Canada expects inflation to return to target by the middle of 2025.

Compared to the *2023 Budget*, interest rate projections have risen due to higher policy interest rates, as well as a rising likelihood that persistent inflation will prompt central banks to maintain tighter monetary policy for longer. The Government of Canada three-month treasury bill rate is expected to average 4.8 per cent in 2023, before moderating to 4.4 per cent in 2024, 2.9 per cent in 2025 and 2.6 per cent in 2026. Similarly, the Government of Canada 10-year bond rate is expected to average 3.3 per cent in 2023 and 2024 before moderating to an average of 3.2 per cent in 2025 and 2026.

Chart 2.7
Short-Term Interest Rate Projections Move Higher

3-Month Government of Canada Treasury Bill Rate
(Per Cent)



p = Ontario Ministry of Finance planning projection based on external sources as of September 29, 2023.
Sources: Bank of Canada and Ontario Ministry of Finance.

Energy prices are expected to remain stable over the projection horizon, with WTI crude oil prices averaging US\$78 per barrel from 2023 to 2026. The Canada-US dollar exchange rate is expected to appreciate from an average of 74.4 cents US in 2023 to 77.9 cents US by 2026.

Table 2.5
External Factors

	2022	2023p	2024p	2025p	2026p
World Real GDP Growth (Per Cent)	3.5	3.0	2.9	3.2	3.2
U.S. Real GDP Growth (Per Cent)	1.9	2.2	1.1	1.7	2.1
West Texas Intermediate (WTI) Crude Oil (\$US per Barrel)	95	78	79	77	78
Canadian Dollar (Cents US)	76.8	74.4	75.8	77.0	77.9
Three-Month Treasury Bill Rate ¹ (Per Cent)	2.3	4.8	4.4	2.9	2.6
10-Year Government Bond Rate ¹ (Per Cent)	2.8	3.3	3.3	3.2	3.2

p = Ontario Ministry of Finance planning projection based on external sources as of September 29, 2023.

¹ Government of Canada interest rates.

Sources: International Monetary Fund *World Economic Outlook* (October 2023); U.S. Bureau of Economic Analysis; U.S. Energy Information Administration; Bank of Canada; *Blue Chip Economic Indicators* (October 2023); and Ontario Ministry of Finance Survey of Forecasters.

Details of Ontario's Economic Outlook

The Ontario Ministry of Finance projects that Ontario real GDP will grow by 1.1 per cent in 2023, 0.5 per cent in 2024, 2.0 per cent in 2025 and 2.8 per cent in 2026. Table 2.6 provides details of the Ontario Ministry of Finance's economic outlook over the forecast period.

Table 2.6

Ontario's Economic Outlook

(Per Cent Change)

	2022	2023p	2024p	2025p	2026p
Real Gross Domestic Product	3.7	1.1	0.5	2.0	2.8
Nominal Gross Domestic Product	9.2	3.6	2.9	4.2	4.8
Compensation of Employees	9.0	6.3	3.9	4.6	4.4
Net Operating Surplus — Corporations	4.3	(9.2)	(3.1)	4.9	7.5
Nominal Household Consumption	12.6	5.4	3.6	4.2	4.7
Other Economic Indicators					
Employment	4.6	2.3	0.8	1.5	1.9
Job Creation (000s)	338	176	63	120	154
Unemployment Rate (Per Cent)	5.6	5.6	6.4	6.2	5.8
Consumer Price Index	6.8	3.7	2.5	2.1	2.0
Housing Starts (000s) ¹	96.1	89.5	84.5	89.2	94.4
Home Resales	(32.2)	(11.7)	11.5	22.5	1.2
Home Resale Prices	6.8	(4.6)	1.3	3.6	4.0
Key External Variables					
U.S. Real Gross Domestic Product	1.9	2.2	1.1	1.7	2.1
WTI Crude Oil (\$US per Barrel)	95	78	79	77	78
Canadian Dollar (Cents US)	76.8	74.4	75.8	77.0	77.9
Three-Month Treasury Bill Rate ²	2.3	4.8	4.4	2.9	2.6
10-Year Government Bond Rate ²	2.8	3.3	3.3	3.2	3.2

p = Ontario Ministry of Finance planning projection based on external sources as of September 29, 2023.

¹ Housing starts projection based on private-sector average as of September 29, 2023.

² Government of Canada interest rates (per cent).

Sources: Statistics Canada; Canada Mortgage and Housing Corporation; Canadian Real Estate Association; Bank of Canada; United States Bureau of Economic Analysis; *Blue Chip Economic Indicators* (October 2023); U.S. Energy Information Administration; and Ontario Ministry of Finance.

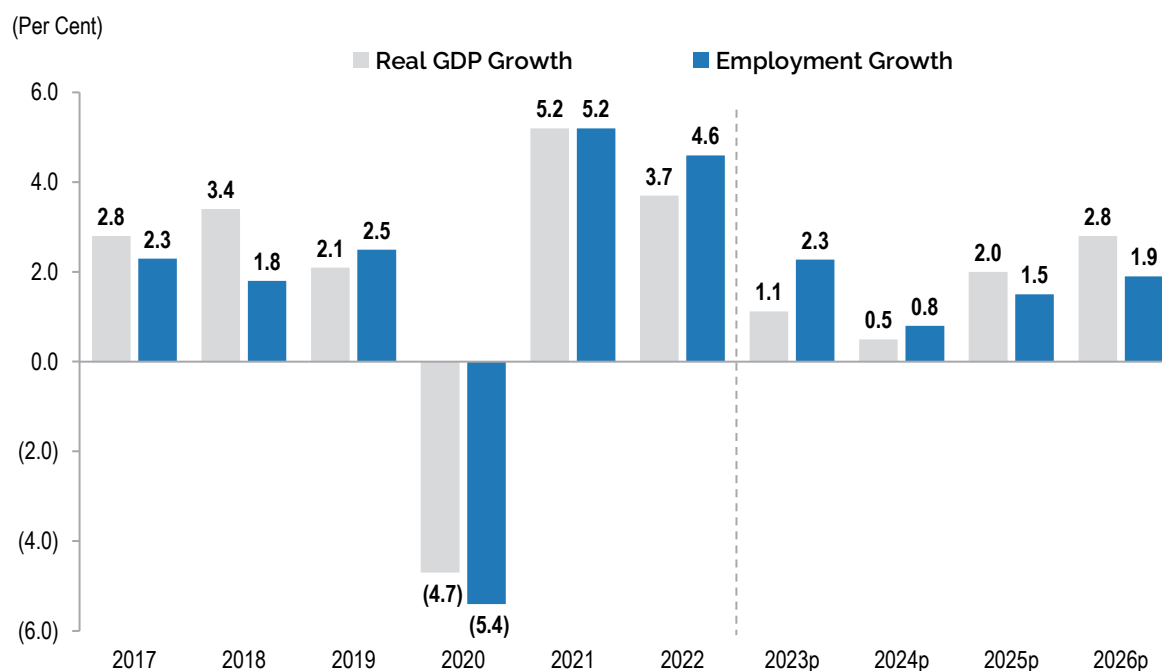
Employment

Resilient economic activity in early 2023 was accompanied by strong employment growth. There were also large increases in the labour force, in part reflecting robust population growth. As economic activity is moderating amid high interest rates, employment growth is projected to ease over the second half of 2023 and into 2024.

Despite a slowing labour market in the second half of the year, Ontario employment is projected to rise 2.3 per cent in 2023, following robust growth of 5.2 per cent in 2021 and 4.6 per cent in 2022. The annual unemployment rate is projected to remain unchanged from 2022 at a near historic low of 5.6 per cent in 2023.

As employment gains moderate and strong demographic growth supports labour force gains, the unemployment rate is projected to rise to 6.4 per cent in 2024. Employment growth is forecast to pick up in 2025 and 2026, with average annual growth of 1.7 per cent, in line with average growth over the 2015 to 2019 period. The strengthening economy in 2025 and 2026 is expected to support an improvement in the unemployment rate to 5.8 per cent in 2026.

Chart 2.8
Ontario Real GDP and Employment Growth to Moderate



p = Ontario Ministry of Finance planning projection based on external sources as of September 29, 2023.

Sources: Statistics Canada and Ontario Ministry of Finance.

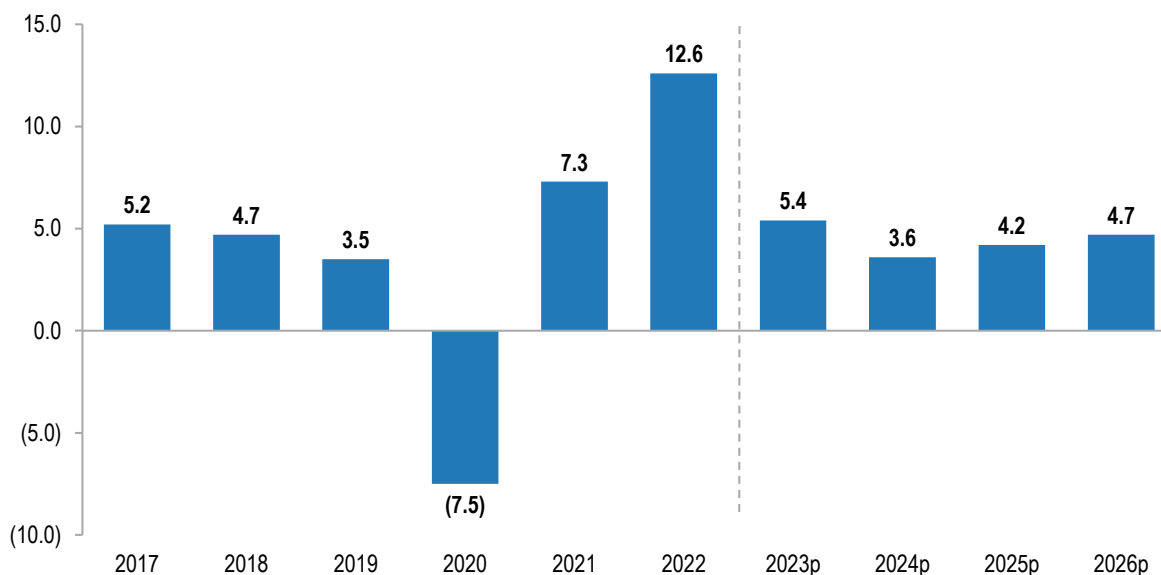
Household Consumption

The solid labour market, pent-up demand and pandemic-related savings helped support household spending in the first half of 2023. Population gains have also contributed to household spending. Although population growth will continue to be a positive contributor to spending, the volume of spending per capita is projected to decline as income growth moderates and elevated prices and higher interest rates impact household budgets.

Nominal household spending is projected to grow by 5.4 per cent in 2023, down from 12.6 per cent in 2022. Nominal household spending growth is projected to moderate to 3.6 per cent in 2024, and then rise by an annual average growth of 4.4 per cent over the 2025 to 2026 period.

Chart 2.9
Ontario Household Spending Growth Projected to Continue

Nominal Household Spending Growth
(Per Cent)

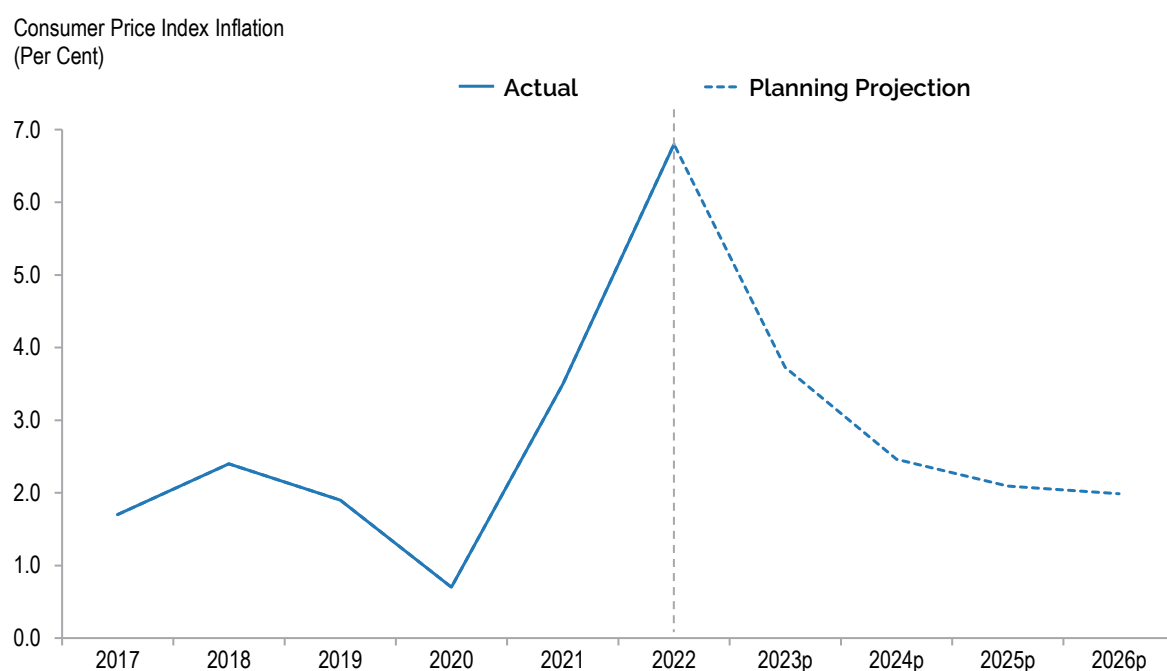


p = Ontario Ministry of Finance planning projection based on external sources as of September 29, 2023.
Sources: Statistics Canada and Ontario Ministry of Finance.

Consumer Price Inflation

Slower economic growth is projected to contribute to moderating growth in Ontario's CPI over the projection period. For planning purposes, the Ontario Ministry of Finance is projecting CPI inflation to be 3.7 per cent in 2023 and to moderate to 2.5 per cent in 2024 before reaching close to 2.0 per cent in 2025. Private-sector economists have a wide range of views. The range of forecasts narrows for 2025 and all inflation forecasts are near 2.0 per cent in 2026.

Chart 2.10
Inflation Projected to Ease, but Risks Remain

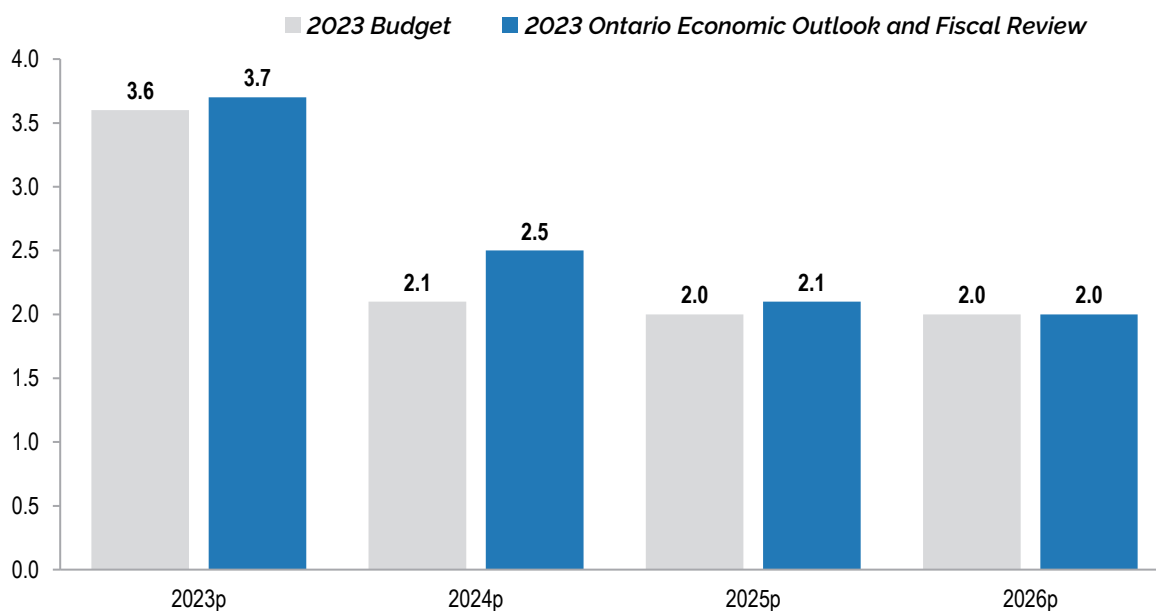


p = Ontario Ministry of Finance planning projection based on external sources as of September 29, 2023.
Sources: Statistics Canada, Ontario Ministry of Finance and Ontario Ministry of Finance Survey of Forecasters.

There are significant upside and downside risks around inflation. Consumer price inflation has been more persistent compared to expectations at the time of the *2023 Budget*, leading to upward revisions to forecasts as well as contributing to continued Bank of Canada interest rate increases.

Chart 2.11
Consumer Price Inflation Projection Revised Higher

Consumer Price Index Inflation
(Per Cent)

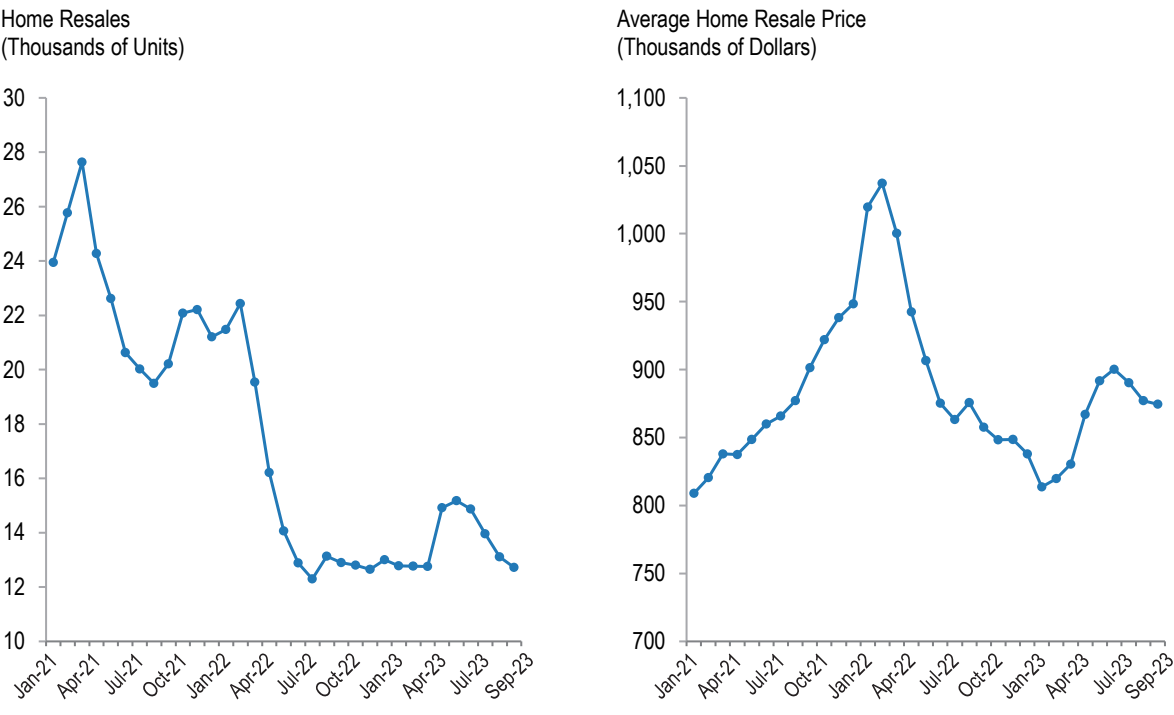


p = Ontario Ministry of Finance planning projections based on external sources as of January 30, 2023 and September 29, 2023.
Source: Ontario Ministry of Finance.

Housing

High interest rates continue to impact home resale activity in Ontario, as buyers and sellers adjust to rate increases by the Bank of Canada. Home resale volumes briefly strengthened in the spring following expectations that the Bank of Canada would leave interest rates on hold. However, continued interest rate increases since June contributed to a subsequent moderation in resale volumes, which by September were 16.2 per cent below the recent peak in May. The average home resale price edged up briefly, followed by a further moderation. In September, Ontario home resale prices were 2.9 per cent below the recent peak in June.

Chart 2.12
Recent Developments in the Ontario Housing Market

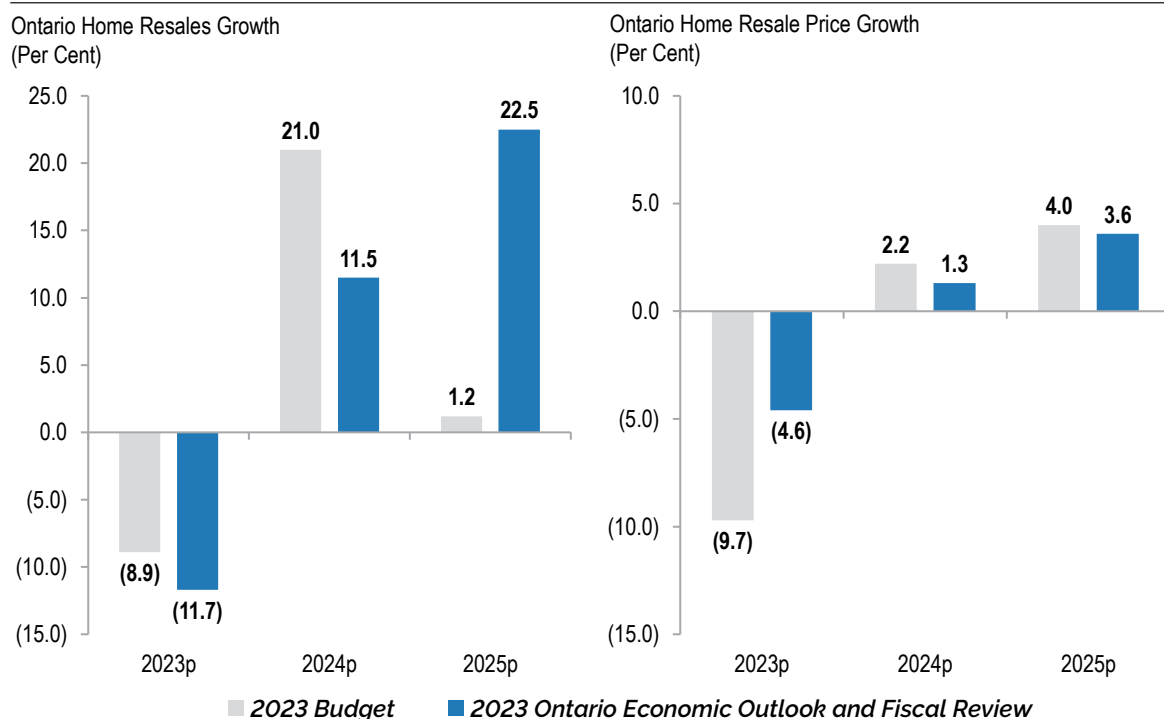


Note: Latest data point is September 2023.
Source: Canadian Real Estate Association.

Going forward, home resales and prices are expected to rise in 2024 and 2025, supported by strong demographic demand and a more supportive interest rate environment. Home resales are expected to contract 11.7 per cent in 2023 before growing strongly by 11.5 per cent in 2024 and 22.5 per cent in 2025. The average home resale price is expected to contract 4.6 per cent in 2023, and grow 1.3 per cent in 2024 and 3.6 per cent in 2025.

Chart 2.13

Ontario Housing Market Expected to Rebound in 2024 and 2025



p = Ontario Ministry of Finance planning projection based on external sources as of September 29, 2023.

Sources: Canadian Real Estate Association and Ontario Ministry of Finance.

Despite a challenging interest rate environment, the outlook for housing construction has improved in every year of the outlook since the *2023 Budget*. As set out in Table 2.2, housing starts are projected to be 89,500 in 2023 and 84,500 in 2024, compared to the *2023 Budget* projection of 80,300 in 2023 and 79,300 in 2024. Housing starts are expected to strengthen to 89,200 in 2025 and 94,400 in 2026. These projections, which are based on private-sector forecasts, underscore why the government has outlined its plan to build more homes, bringing home ownership within reach for more people.

Risks to the Outlook

Consumer price inflation has eased from its peak in many jurisdictions due to improvements in supply-side factors as well as tighter monetary policy on the part of major central banks. However, consumer price inflation remains above the targets of most central banks. Considerable uncertainty remains regarding the future path of inflation. A slower-than-expected return to central bank inflation targets could lead to further increases in interest rates or elevated interest rates for longer. This could pose significant downside risks to growth in many jurisdictions, including Canada.

The U.S. economy has proven resilient and continued to create jobs with low unemployment rates, despite aggressive policy rate increases from the Federal Reserve. However, elevated levels of federal debt alongside high and rising interest rates pose risks to the U.S. economy.

Other global developments continue to pose risks for Ontario. In recent months, a concerted effort to reduce oil supply by members of OPEC+, a group of major oil exporters, has led to steady increases in oil prices. High oil prices increase costs for businesses and consumers in Ontario. Conflicts around the world could continue to disrupt the supply of key commodities and further elevate risks. After a brief period of rebound in the first half of this year, China's economic growth has slowed in recent months, posing downward risks to global growth.

Table 2.7 displays current estimates of the impact of sustained changes in key external factors on Ontario's real GDP planning assumptions, assuming other external factors are unchanged. The relatively wide range of estimated impacts reflects the uncertainty regarding how the economy could respond to these changes in external conditions.

Table 2.7
Impact of Sustained Changes in Key External Factors
on Real GDP Growth

(Percentage Point Change)

	Change in Real GDP Growth	
	First Year	Second Year
Canadian Dollar Appreciates by Five Cents US	(0.1) to (0.7)	(0.2) to (0.8)
Crude Oil Prices Increase by \$10 US per Barrel	(0.1) to (0.3)	(0.1) to (0.3)
U.S. Real GDP Growth Increases by One Percentage Point	+0.2 to +0.6	+0.3 to +0.7
Canadian Interest Rates Increase by One Percentage Point	(0.1) to (0.5)	(0.2) to (0.6)

Source: Ontario Ministry of Finance.

Economic Outlook Scenarios

To provide more transparency about the province's economic outlook amid the elevated degree of economic uncertainty, the Ontario Ministry of Finance has developed Faster Growth and Slower Growth scenarios. These alternative scenarios should not be considered the best case or the worst case, but reasonable possible outcomes in this period of uncertainty.

Table 2.8
Ontario Real GDP Growth Scenarios

(Per Cent)

	2023p	2024p	2025p	2026p
Faster Growth Scenario	1.7	2.1	2.3	3.1
Planning Projection	1.1	0.5	2.0	2.8
Slower Growth Scenario	0.7	(0.9)	1.9	2.7

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

Source: Ontario Ministry of Finance.

Table 2.9
Ontario Nominal GDP Growth Scenarios

(Per Cent)

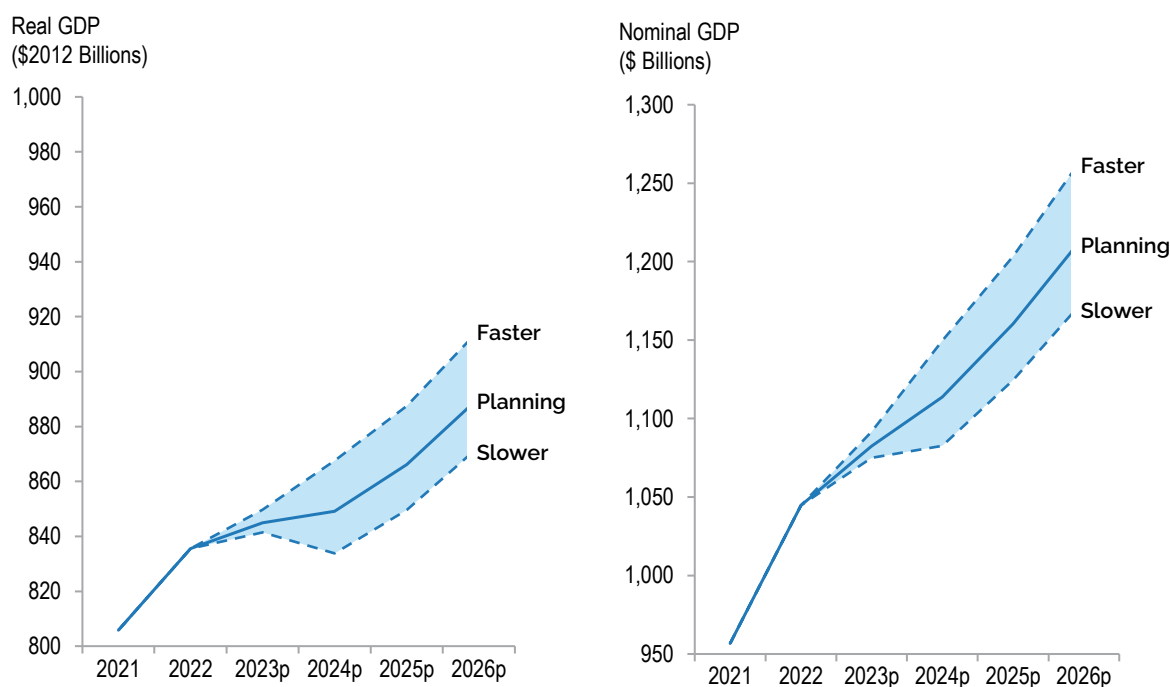
	2023p	2024p	2025p	2026p
Faster Growth Scenario	4.5	5.3	4.7	5.3
Planning Projection	3.6	2.9	4.2	4.8
Slower Growth Scenario	2.9	0.7	3.9	4.5

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

Source: Ontario Ministry of Finance.

By 2026, the level of real GDP in the Faster Growth scenario is 2.8 per cent higher than in the Planning Projection, while in the Slower Growth scenario, the level of real GDP is 2.0 per cent lower. By 2026, the level of nominal GDP in the Faster Growth scenario is 4.2 per cent higher than in the Planning Projection, while in the Slower Growth scenario, the level of nominal GDP is 3.4 per cent lower.

Chart 2.14
Range of Ontario GDP Scenario Forecasts



p = Ontario Ministry of Finance planning projection based on external sources as of September 29, 2023 and alternative scenarios.
Source: Ontario Ministry of Finance.



Chapter 3

A Strong Foundation for the Next Generation: Ontario's Fiscal Plan and Outlook

Introduction

In spite of economic uncertainty and risk, Ontario remains committed to balancing the budget. The *2023 Ontario Economic Outlook and Fiscal Review* is projecting a deficit of \$5.6 billion in 2023–24. Over the medium term, the government projects a deficit of \$5.3 billion in 2024–25 and a surplus of \$0.5 billion in 2025–26.

The net debt-to-gross domestic product (GDP) ratio is projected to be 38.4 per cent in 2023–24, 0.1 percentage point higher since 2022–23.

Table 3.1
Fiscal Summary

(\$ Billions)

	Actual 2022–23	Current Outlook 2023–24	Medium-Term Outlook	
			2024–25	2025–26
Revenue	192.9	201.8	206.7	220.0
Expense				
Programs	186.4	193.0	196.2	202.3
Interest on Debt	12.4	13.4	14.3	15.2
Total Expense	198.8	206.4	210.5	217.5
Surplus/(Deficit) Before Reserve	(5.9)	(4.6)	(3.8)	2.5
Reserve	–	1.0	1.5	2.0
Surplus/(Deficit)	(5.9)	(5.6)	(5.3)	0.5
Net Debt as a Per Cent of GDP	38.3%	38.4%	39.1%	38.7%
Net Debt as a Per Cent of Revenue	207.6%	206.2%	210.8%	204.2%
Interest on Debt as Per Cent of Revenue	6.4%	6.7%	6.9%	6.9%

Notes: Numbers may not add due to rounding. Current and medium-term outlook primarily reflect information available as of September 29, 2023.

Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

Key Changes in 2023–24 Since the *2023 Budget*

Ontario's 2023–24 deficit is projected to be \$5.6 billion — a deterioration of \$4.3 billion from the outlook published in the *2023 Budget*. This reflects updated economic and revenue information and higher contingencies to mitigate near-term risks.

Revenues in 2023–24 are projected to be \$201.8 billion, \$2.6 billion lower than forecast in the *2023 Budget*. This decrease is largely driven by lower-than-expected taxation revenue. This forecast is based on information available to September 29, 2023.

Program expense is projected to be \$193.0 billion, \$2.3 billion higher than the forecast in the *2023 Budget*, primarily due to the replenishment of the Contingency Fund to add greater flexibility to the fiscal plan.

Ontario is forecast to pay \$13.4 billion in interest costs in 2023–24, \$0.6 billion lower than the forecast in the *2023 Budget*.

The net debt-to-GDP ratio is now projected to be 38.4 per cent in 2023–24, 0.6 percentage points higher than the 37.8 per cent forecast in the *2023 Budget*. The net debt-to-GDP ratio increased mainly due to higher than previously projected deficits.

The 2023–24 outlook also maintains a \$1.0 billion reserve, unchanged from the *2023 Budget*, to protect the fiscal plan against unforeseen adverse changes in Ontario's revenue and expense forecasts for the remainder of the fiscal year. This is part of the government's flexible fiscal plan to respond to uncertainty and risks.

Table 3.2
2023–24 In-Year Fiscal Performance

(\$ Billions)

	<i>2023 Budget</i>	Current Outlook	In-Year Change
Revenue	204.4	201.8	(2.6)
Expense			
Programs	190.6	193.0	2.3
Interest on Debt	14.1	13.4	(0.6)
Total Expense	204.7	206.4	1.7
Surplus/(Deficit) Before Reserve	(0.3)	(4.6)	(4.3)
Reserve	1.0	1.0	–
Surplus/(Deficit)	(1.3)	(5.6)	(4.3)

Note: Numbers may not add due to rounding.

Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

Revenue

The 2023–24 total revenue outlook is \$201.8 billion, \$2.6 billion lower than projected in the *2023 Budget* and the *2023–24 First Quarter Finances*. The decrease in the revenue forecast in 2023–24 is mainly due to lower taxation revenues, partially offset by higher Government of Canada Transfers and net income from Government Business Enterprises.

Table 3.3

Key Changes to 2023–24 Revenue Projections

(\$ Millions)

	2023–24
2023 Budget Total Revenue	204,367
Revenue Changes in the 2023–24 First Quarter Finances	0.2
Revenue Changes Since the 2023–24 First Quarter Finances	
Sales Tax	2,380
Corporations Tax	1,350
Land Transfer Tax	329
Gasoline Tax and Fuel Tax	(429)
Personal Income Tax	(6,588)
All Other Taxes	(51)
Total Taxation Revenue	(3,009)
Government of Canada Transfers	242
Government Business Enterprises	447
Other Non-Tax Revenue	(246)
Total Revenue Changes Since the 2023–24 First Quarter Finances	(2,566)
Total Revenue Changes Since the 2023 Budget	(2,566)
2023 Ontario Economic Outlook and Fiscal Review Total Revenue Outlook	201,802

Note: Numbers may not add due to rounding.

Source: Ontario Ministry of Finance.

Key changes in the revenue outlook compared with the *2023–24 First Quarter Finances* forecast include:

- **Sales Tax** revenue projections increased by \$2,380 million mainly due to new information from the federal government suggesting higher Harmonized Sales Tax (HST) collected in 2022, which increased the base upon which the outlook is derived.
- **Corporations Tax** revenue projections increased by \$1,350 million mainly due to higher-than-expected corporate profitability in the first half of 2023.

- **Land Transfer Tax** revenue projections are higher by \$329 million mainly reflecting a smaller-than-expected decline in home resale prices in 2023.
- **Gasoline Tax and Fuel Tax** projections combined decreased by \$429 million due to the proposed 6-month extension of the reduction to the Gasoline Tax by 5.7 cents per litre and Fuel Tax by 5.3 cents per litre and lower projected fuel consumption volumes. See *Annex: Details of Tax Measures and Other Legislative Initiatives* for further information.
- **Personal Income Tax** revenue projections decreased by \$6,588 million, mainly due to lower-than-expected revenues from the processing of 2022 and prior years' tax returns, partially offset by stronger growth in compensation of employees in 2023.
- Projections for **All Other Taxes** combined decreased by \$51 million, which is mainly due to lower-than-expected revenues from the Ontario Health Premium and the Beer, Wine and Spirits Taxes, partially offset by higher projected revenues from Employer Health Tax and the Ontario Portion of the Federal Cannabis Excise Duty.
- **Government of Canada Transfers** projections increased by \$242 million, mainly reflecting additional federal investments in the Labour Market Transfer Agreements.
- Net income from **Government Business Enterprises** projections increased by \$447 million, mainly due to higher revenue forecasts for Ontario Power Generation (OPG) from the Ontario Nuclear Funds. This also reflects iGaming Ontario (iGO) revenue consolidated as a Government Business Enterprise (GBE) in the *Public Accounts of Ontario 2022–2023*.
- **Other Non-Tax Revenues** projections combined are lower by \$246 million mainly due to the reclassification of revenues for iGO from Non-Tax Revenue to a GBE in the *Public Accounts of Ontario 2022–2023*. It also reflects lower revenue due to the fare integration of public transit between neighbouring transit systems.

Expense

The 2023–24 total expense outlook is projected to be \$206.4 billion, \$1.7 billion higher than both the *2023 Budget* and the *2023–24 First Quarter Finances*. New investments are primarily offset by the Contingency Fund and include supports for home and community care, municipalities and housing.

Table 3.4

Key Changes to 2023–24 Total Expense Projections

(\$ Millions)

	2023–24
2023 Budget Total Expense	204,680
Total Expense Changes in the 2023–24 First Quarter Finances	0.2
Program Expense Changes Since the 2023–24 First Quarter Finances:	
Home and Community Care Modernization Plan	180
Addressing Homelessness for Asylum Claimants	42
Expanding the Basic Constable Training Program	15
Wheatley Supports	8
Resources for the Landlord and Tenant Board	6
Fare and Service Integration	3
All Other Changes	(76)
Total New Allocated Spending	179
Top-Up of the Contingency Fund	2,500
Drawdown of the Contingency Fund	(336)
Total Program Expense Changes Since the 2023–24 First Quarter Finances	2,343
Interest on Debt Change Since the 2023–24 First Quarter Finances	(609)
Total Expense Changes Since the 2023–24 First Quarter Finances	1,734
Total Expense Changes Since the 2023 Budget	1,734
2023 Ontario Economic Outlook and Fiscal Review Total Expense Outlook	206,414

Note: Numbers may not add due to rounding.

Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

Key investments since the *2023–24 First Quarter Finances* include:

- \$180 million to support stabilization and expansion in the home and community care sectors as part of the government's \$569 million planned investment in 2023–24, to get more people connected to care in the comfort of their own home and community;
- \$42 million to support the City of Toronto and other impacted municipalities across the province through the Canada-Ontario Housing Benefit to provide urgent assistance to a rapidly growing number of asylum claimants and other at-risk populations;
- \$15 million to recruit and train more police officers by removing tuition fees for the Basic Constable Training program at the Ontario Police College and increasing the number of recruits that can be trained each year;
- \$8 million to support the Municipality of Chatham-Kent with ongoing emergency management, investigation and community recovery expenses related to the Wheatley explosion in August 2021;
- \$6 million to increase resources at the Landlord and Tenant Board to improve service standards and reduce the time it takes for applications and decisions. These resources include 45 adjudicators plus five operational staff, more than doubling the number of full-time adjudicators at the Landlord and Tenant Board;
- \$3 million for GO Transit fare and service integration including co-fare discounts and increased PRESTO discounts for youth and postsecondary students; and
- A decrease of \$76 million, primarily due to an accounting reclassification for iGaming Ontario as a Government Business Enterprise, partially offset by economic development support initiatives.

Additionally, the Contingency Fund has been increased by an additional \$2.5 billion to support greater flexibility in the fiscal plan to help protect against unforeseen changes and mitigate expense risks.

Interest on Debt expense is projected to be \$13.4 billion, \$0.6 billion lower than the forecast in the *2023–24 First Quarter Finances* and the *2023 Budget*.

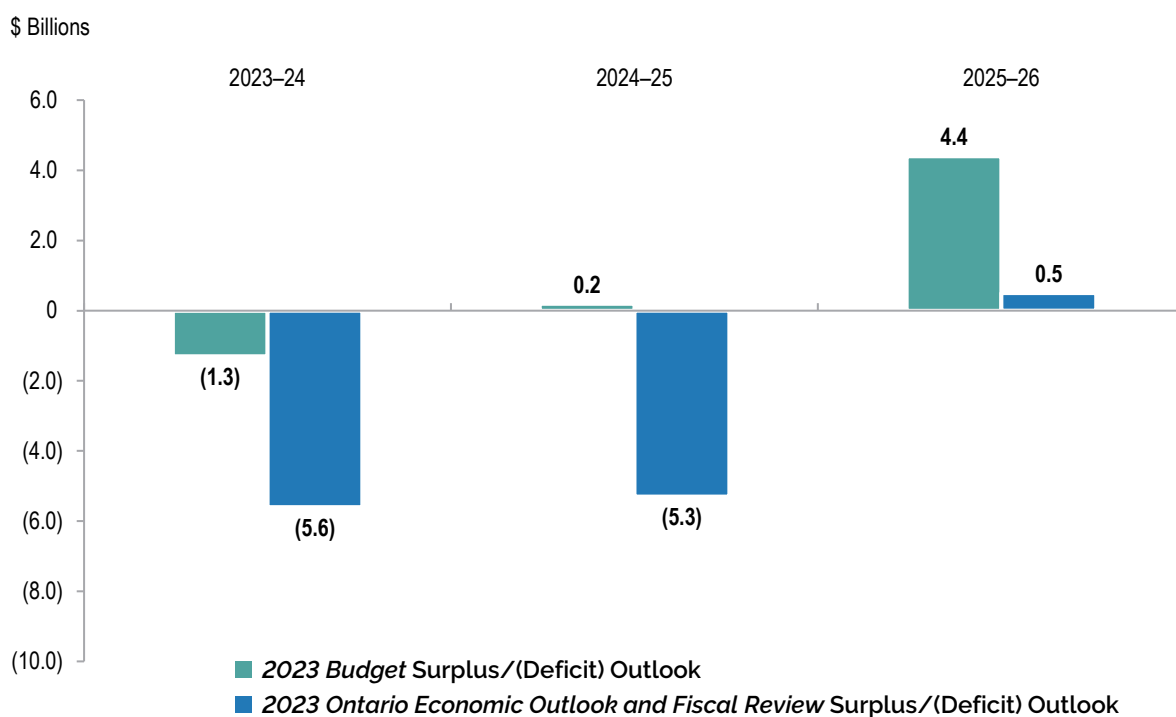
Prudence in 2023–24

The Ontario government continues to maintain a responsible and flexible fiscal plan to respond to uncertainty and risks. The *Fiscal Sustainability, Transparency and Accountability Act, 2019* requires Ontario's fiscal plan to incorporate prudence in the form of a reserve to protect the fiscal outlook against unforeseen adverse changes in the province's revenue and expense, including those resulting from changes in Ontario's economic performance. The *2023 Budget* included a reserve of \$1.0 billion in 2023–24, which has been maintained as part of the current fiscal outlook. In addition, the Contingency Fund is maintained to help mitigate expense risks. For 2023–24, after a \$2.5 billion top-up in the *2023 Ontario Economic Outlook and Fiscal Review*, the Contingency Fund has a projected balance of \$5.4 billion.

Medium-Term Fiscal Plan

The government is projecting deficits of \$5.6 billion in 2023–24 and \$5.3 billion in 2024–25 followed by a surplus of \$0.5 billion in 2025–26. This reflects updated economic and revenue information and higher contingencies to mitigate near-term risks in 2023–24, and slower economic growth projections in 2024 and 2025.

Chart 3.1
Current Surplus/(Deficit) Outlook Compared to 2023 Budget



Source: Ontario Ministry of Finance.

Over the medium term, revenue is forecast to increase from \$201.8 billion in 2023–24 to \$220.0 billion in 2025–26, while total expense is projected to increase from \$206.4 billion to \$217.5 billion over the same period.

Medium-Term Revenue Outlook

Table 3.5

Summary of Medium-Term Revenue Outlook

(\$ Billions)

	Actual 2022–23	Current Outlook 2023–24	Medium-Term Outlook	
			2024–25	2025–26
Revenue				
Personal Income Tax	44.2	49.4	51.2	54.3
Sales Tax	36.1	37.7	38.7	40.7
Corporations Tax	27.8	26.0	25.8	27.4
Ontario Health Premium	4.4	4.8	5.0	5.2
Education Property Tax	6.0	5.7	5.8	5.8
All Other Taxes	18.0	17.5	19.4	21.5
Total Taxation Revenue	136.5	141.2	145.8	154.8
Government of Canada	31.3	35.1	35.4	37.0
Income from Government Business Enterprises	6.1	6.8	6.5	8.4
Other Non-Tax Revenue	19.0	18.7	19.0	19.8
Total Revenue	192.9	201.8	206.7	220.0

Note: Numbers may not add due to rounding.

Source: Ontario Ministry of Finance.

The taxation revenue outlook reflects the impact of finalized 2022–23 results and the updated economic growth outlook since the *2023 Budget*. See Chapter 2: *Economic Performance and Outlook* for further details.

The primary driver of the forecast for **Personal Income Tax (PIT)** revenue is the outlook for growth in the compensation of employees. Between 2023–24 and 2025–26, PIT revenue is projected to grow at an average annual rate of 4.8 per cent.

The **Sales Tax** revenue projection is based primarily on the outlook for household consumption spending. Sales Tax revenue is projected to grow at an average annual rate of 3.8 per cent between 2023–24 and 2025–26.

The forecast for **Corporations Tax** revenue is mainly driven by projections of net operating surplus. Corporations Tax revenue is projected to grow at an average annual rate of 2.7 per cent between 2023–24 and 2025–26.

The **Ontario Health Premium** revenue forecast is based primarily on the outlook for growth in the compensation of employees. Ontario Health Premium revenue is projected to increase at an average annual rate of 4.0 per cent between 2023–24 and 2025–26.

Education Property Tax revenue is based primarily on the outlook for growth in the property assessment base resulting from new construction activities. Revenues are projected to remain relatively stable over the term of the outlook.

Revenues from **All Other Taxes** are projected to increase at an average annual rate of 10.7 per cent between 2023–24 and 2025–26. This includes revenues from all other taxes including the Employer Health Tax; Land Transfer Tax (LTT); Beer, Wine and Spirits Taxes; and volume-based taxes such as the Gasoline Tax, the Fuel Tax and the Tobacco Tax. The strong average annual growth mainly reflects higher LTT arising from a projected recovery in the housing market by 2025–26, and the impact of the temporary reduction to the Gasoline Tax by 5.7 cents per litre and Fuel Tax by 5.3 cents per litre. Excluding LTT and Gasoline and Fuel Taxes, All Other Taxes are projected to increase at an average annual rate of 3.7 per cent between 2023–24 and 2025–26.

The forecast for **Government of Canada** transfers is based on existing federal–provincial funding agreements and formulas. Federal transfers are projected to increase at an average annual rate of 2.7 per cent from 2023–24 to 2025–26.

The outlook for income from **Government Business Enterprises (GBEs)** is based on Ontario Ministry of Finance estimates for Hydro One Ltd. (Hydro One) and projections provided by Ontario Power Generation (OPG), the Ontario Cannabis Store (OCS), the Liquor Control Board of Ontario (LCBO), the Ontario Lottery and Gaming Corporation (OLG) and iGaming Ontario (iGO). Net incomes of GBEs are projected to increase at an average annual rate of 11.0 per cent from 2023–24 to 2025–26.

The forecast for **Other Non-Tax Revenue** is based on projections provided by government ministries and provincial agencies. The outlook for Other Non-Tax Revenue is projected to increase at an average annual rate of 2.8 per cent from 2023–24 to 2025–26.

Economic and Fiscal Outlook Scenarios

To illustrate the potential impacts of elevated economic uncertainty, the Ontario Ministry of Finance has developed two plausible alternative scenarios that the economy could take over the next several years. See Chapter 2: *Economic Performance and Outlook* for further details.

Based on the two alternative nominal GDP economic scenarios, two taxation revenue scenarios were developed. The Faster Growth and Slower Growth scenarios each represent a potential path intended to illustrate a broader range of possible outcomes but should not be considered as the best case or the worst case.

In the Faster Growth scenario, total taxation revenue is \$9.4 billion higher in 2025–26 than the Planning Projection, while in the Slower Growth scenario, total taxation revenue is \$8.1 billion lower.

Table 3.6
Ontario's Taxation Revenue Scenarios

(\$ Billions)

	2023–24p	2024–25p	2025–26p
Faster Growth Scenario	143.5	152.8	164.2
Planning Projection	141.2	145.8	154.8
Slower Growth Scenario	139.2	139.5	146.7

p = Ontario Ministry of Finance Planning Projection based on external sources and alternative scenarios.

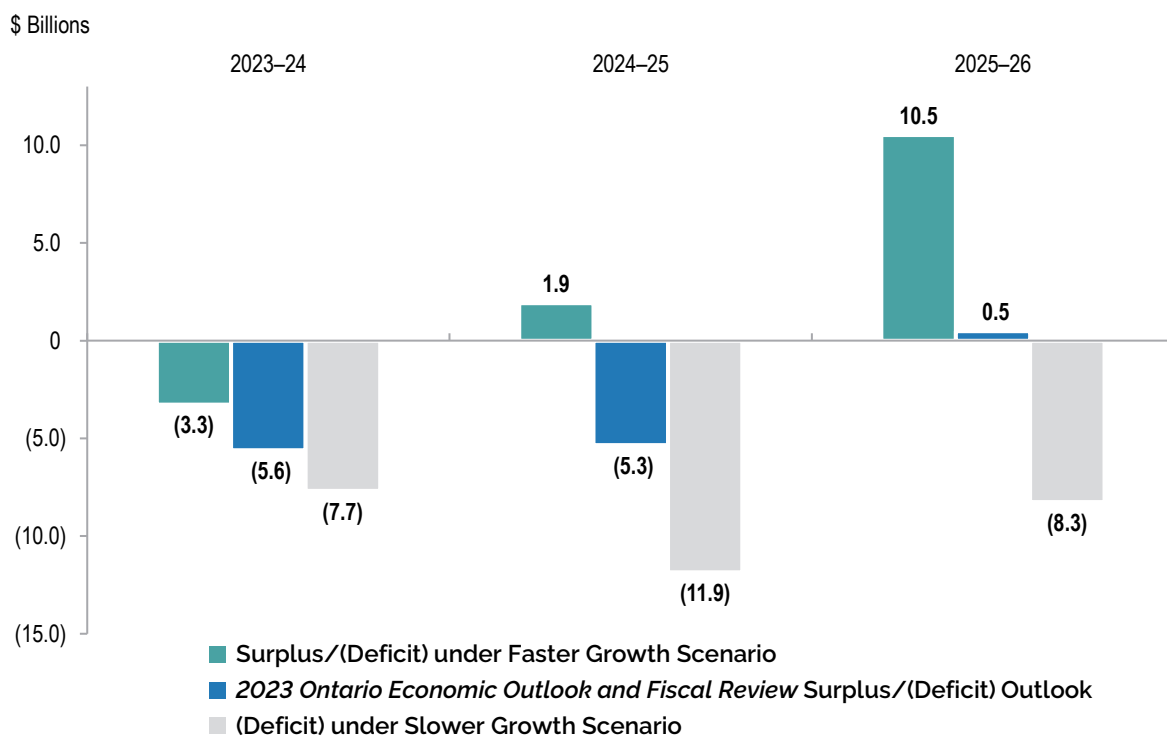
Note: Numbers may not add due to rounding.

Source: Ontario Ministry of Finance.

In the event that the alternative economic scenarios materialize as opposed to the Planning Projection, Ontario's fiscal plan would also change as a result.

Under the Faster Growth scenario, the deficit outlook may improve to \$3.3 billion in 2023–24, and reach surpluses of \$1.9 billion in 2024–25 and \$10.5 billion in 2025–26. However, if the Slower Growth scenario takes place instead, the deficit outlook may deteriorate to \$7.7 billion in 2023–24, \$11.9 billion in 2024–25, and \$8.3 billion in 2025–26.

Chart 3.2
Ontario Fiscal Outlook Scenarios



Source: Ontario Ministry of Finance.

In these alternative outlook scenarios, program expenditures are assumed to be unchanged compared to the medium-term expense outlook, and only revenue and interest on debt are adjusted.

Medium-Term Expense Outlook

The total expense outlook is projected to grow from \$206.4 billion in 2023–24 to \$217.5 billion in 2025–26 as the government continues to invest in health, education and infrastructure.

Ontario's program expense outlook is projected to increase from \$193.0 billion in 2023–24 to \$202.3 billion in 2025–26.

Table 3.7

Summary of Medium-Term Expense Outlook

(\$ Billions)

	Actual 2022–23	Current Outlook 2023–24	Medium-Term Outlook	
			2024–25	2025–26
Base Programs¹				
Health Sector	75.1	81.2	84.2	87.6
Education Sector ²	33.6	34.7	36.4	37.5
Postsecondary Education Sector	11.6	12.1	12.5	13.0
Children, Community and Social Services Sector	18.1	19.4	19.9	19.9
Justice Sector	5.3	5.5	5.3	5.2
Other Programs	30.1	40.1	37.8	39.1
Total Base Programs	173.8	193.0	196.2	202.3
COVID-19 Time-Limited Funding	6.3	–	–	–
Other One-Time Expenses	6.3	–	–	–
Total Programs	186.4	193.0	196.2	202.3
Interest on Debt	12.4	13.4	14.3	15.2
Total Expense	198.8	206.4	210.5	217.5

¹ For presentation purposes in the 2023 *Ontario Economic Outlook and Fiscal Review*, one-time COVID-19-related spending in 2022–23 has been included within COVID-19 Time-Limited Funding. This funding will no longer be reported separately, starting in 2023–24.

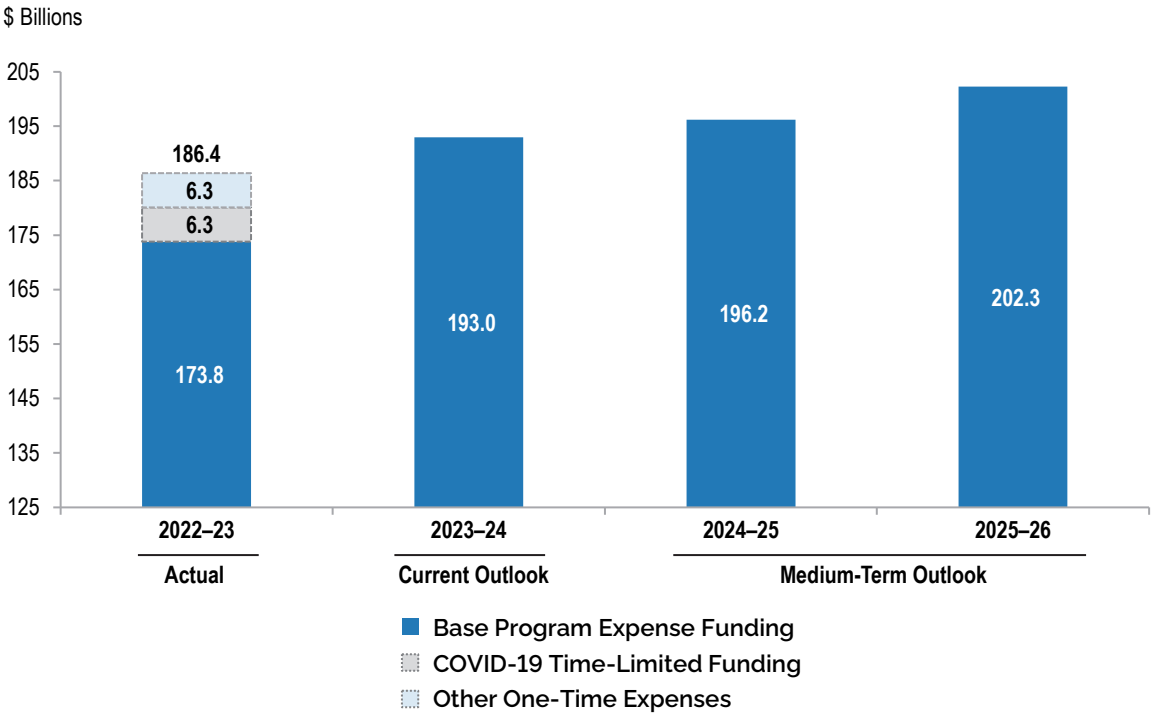
² Excludes Teachers' Pension Plan. Teachers' Pension Plan expense is included in Other Programs.

Note: Numbers may not add due to rounding.

Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

The government is continuing to make key investments in health, education and other critical public services as part of its plan to build a stronger Ontario. In 2023–24, program expense is projected to increase by \$6.6 billion compared to 2022–23, or 3.5 per cent. Over the medium-term outlook, program expense is projected to increase every year, growing at an average annual rate of 2.4 per cent from 2023–24 to 2025–26.

Chart 3.3
Program Expense



Note: Numbers may not add due to rounding.

Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

Highlights of changes to the program expense outlook over the medium term include the following:

- **Health Sector** expense is projected to increase from \$81.2 billion in 2023–24 to \$87.6 billion in 2025–26. The growth is primarily due to investments to:
 - Address the growing demands in the health sector, including funding for hospitals and cancer treatment services to respond to Ontario’s aging and growing population, and provide stability;
 - Enhance pediatric care to better connect children and youth to surgeries, diagnostic imaging, emergency care and mental health services;
 - Support Health Human Resources initiatives to optimize the existing workforce and recruit and retain health care providers;

- Enhance emergency health services by reducing wait times;
- Improve and expand the home and community care sector; and
- Support mental health and addictions services through the *Roadmap to Wellness: A Plan to Build Ontario's Mental Health and Addictions System*.
- **Education Sector** expense is projected to increase from \$34.7 billion in 2023–24 to \$37.5 billion in 2025–26. Key investments include:
 - Supports to school boards for student learning and success, including funding for reading and math programs;
 - Funding to address enrolment growth and commitments consistent with labour agreements reached; and
 - Continued implementation of the Canada-wide Early Learning and Child Care Agreement to increase access to high quality affordable child care while reducing average out-of-pocket child care fees.
- **Postsecondary Education Sector** expense is projected to increase from \$12.1 billion in 2023–24 to \$13.0 billion in 2025–26. This is mainly due to:
 - Higher college sector spending due to increasing enrolment; and
 - Investments of over \$428 million to support Health Human Resources initiatives, including the expansion of medical school seats and the Ontario Learn and Stay Grant where students in targeted nursing, paramedic and medical laboratory technologist programs study and work in underserved communities.
- **Children, Community and Social Services Sector** expense is projected to increase from \$19.4 billion in 2023–24 to \$19.9 billion in 2025–26, primarily due to the July 1, 2023, adjustment for inflation in the monthly core allowance rates for the Ontario Disability Support Program and the maximum monthly amount for the Assistance for Children with Severe Disabilities Program.
- **Justice Sector** expense is projected to decrease from \$5.5 billion in 2023–24 to \$5.2 billion in 2025–26. Investments in this sector include funding provided in 2023–24 for frontline operations of the Ontario Provincial Police (OPP), additional funding for the First Nations and Inuit Policing Program, as well as investments to help police identify and dismantle organized auto theft crime, strengthen the province's bail system and ensure that offenders comply with their bail conditions.

- **Other Programs** expense is projected to decrease from \$40.1 billion in 2023–24 to \$39.1 billion in 2025–26. The changes over this period primarily reflect a \$2.5 billion top-up in the Contingency Fund in 2023–24 to support greater flexibility in the fiscal plan to help protect against unforeseen changes and mitigate expense risks. Key Other Programs investments include:
 - \$3.5 billion over three years, beginning in 2023–24, as part of the government's multi-year commitment to improve access to high-speed internet for every community across Ontario by the end of 2025;
 - \$224 million in 2023–24 to support the development and expansion of brick-and-mortar training centres to train more workers for careers in the skilled trades and other in-demand jobs through the Skills Development Fund Capital Stream; and
 - \$110 million over three years, beginning in 2023–24, to improve emergency readiness and enhance Ontario's capacity to respond to emergencies.

The total expense outlook includes **Interest on Debt** expense, which is projected to increase from \$13.4 billion in 2023–24 to \$15.2 billion in 2025–26.

Advocating for a Flexible, Adequate, Fair and Sustainable Transfer System

Effective federal–provincial fiscal transfers are a key factor in Ontario's long-term fiscal sustainability. While the Ontario government continues to maintain a responsible plan to eliminate the province's structural deficit, Ontario has been a leader in advocating for a principle-based transfer system that is flexible, adequate, fair and sustainable, and that respects provincial jurisdiction. Third party experts, including the federal Parliamentary Budget Officer, continue to show that despite recent deficits, the federal government has far greater fiscal capacity to fund critical programs that all Canadians rely on, while provinces and territories face significant long-term fiscal pressures. Ontario continues to call for federal transfers that are sustainable and provide long-term support for critical public services for the people of Ontario.

In the near term, the province continues to engage the federal government on a number of critical issues including infrastructure and labour market agreements. Ontario is advocating for a next generation infrastructure program that provides adequate funding in the face of rising costs, provides flexibility for the province to meet local needs, and ensures an efficient review and approval process. As well, Ontario joins the other provinces and territories in calling on the federal government to extend the top-up funding for the labour market transfers into the long term and modernize the agreements to ensure they are flexible, adequate, predictable and responsive to unique labour market needs.

Prudence Built Into the Medium-Term Outlook

In keeping with sound fiscal practices, Ontario's revenue outlook is based on prudent economic planning projections, as discussed in Chapter 2: *Economic Performance and Outlook*.

The government maintains a responsible and flexible fiscal plan to respond to uncertainty and risks. Ontario incorporates prudence in the form of a reserve to protect the fiscal outlook against unforeseen adverse changes in the province's revenue and expense, including those resulting from changes in Ontario's economic performance.

The reserve has been set at \$1.5 billion in 2024–25 and \$2.0 billion 2025–26, down from the levels in the 2023 *Budget* of \$2.0 billion and \$4.0 billion, respectively. In addition, the Contingency Fund is maintained to help mitigate expense risks — for example, in cases where health and safety may be compromised, and which may otherwise adversely affect Ontario's fiscal performance.

The government will work to preserve the fiscal flexibility necessary to respond to unforeseen events and support a long-term plan that will enhance transparency and accountability, invest in the future of Ontario, and help protect the province against potential economic challenges.

Transparency and Risks

The government is committed to being open and transparent about the state of Ontario's finances. This principle is reflected in the *Fiscal Sustainability, Transparency and Accountability Act, 2019*, which stipulates that Ontario's fiscal policy should be clearly articulated and information about it should be readily available to the public without charge.

While mid-year updates to the government's finances are informed by the latest information available, key information still to be received over the remainder of the fiscal year may present further upside and downside risks, which could materially affect the fiscal outlook. Revenue could be affected by new information from the Canada Revenue Agency on tax return processing for 2023 and previous taxation years, changes in the economic outlook and the evolution of private-sector economic forecasts, which the province uses to develop its own revenue projections, while expenses could be impacted by changes in utilization of large demand-driven programs.

To ensure a reasonable and prudent economic forecast, the government's key economic planning projections are set below the average of private-sector forecasts in each year. For 2023 onwards, the planning assumptions are set 0.1 percentage points below the private-sector average to reflect the elevated degree of uncertainty over the outlook.

While the planning assumptions for economic growth are reasonable and prudent, the Ontario Ministry of Finance has also developed Faster Growth and Slower Growth scenarios to provide greater transparency around Ontario's economic and fiscal outlook amid heightened economic uncertainty.

As a matter of transparent fiscal management, financial pressures are monitored throughout the fiscal year by the Ontario Treasury Board Secretariat, with the goal of ensuring that robust and prudent methodologies are used to develop forecasts. Other important risk management tools include closely tracking the pace of implementation of initiatives and proactively identifying emerging program and policy risks. Comprehensive analysis of known pressures informs the fiscal planning processes, including the development of plans to mitigate and manage fiscal pressures, as well as maintaining adequate contingencies as part of the medium-term fiscal projections in respect of the government's flexible fiscal plan to respond to uncertainty and risks.

In addition to the key demand sensitivities and economic risks to the fiscal plan, there are risks stemming from the government's contingent liabilities. Whether future events will result in actual liabilities for the province is beyond the direct control of the government. For example, losses could result from legal settlements or a call on loan or funding guarantees. While a Contingency Fund is included in the fiscal plan to help mitigate the expense risks, until there exists certainty around the likelihood and costs of these future events, these risks are not included in the province's fiscal plan. Provisions for losses that are likely to occur and can be reasonably estimated are expensed and reported as liabilities in Ontario's financial statements. Any significant contingent liabilities related to the 2022–23 fiscal year have been disclosed as part of the *Public Accounts of Ontario 2022–2023*, released in September.

Details of Ontario's Finances

Table 3.8

Revenue

(\$ Millions)

	Actual 2020–21	Actual 2021–22	Actual 2022–23	Current Outlook 2023–24
Taxation Revenue				
Personal Income Tax	40,333	46,750	44,209	49,394
Sales Taxes	26,576	30,357	36,092	37,730
Corporations Tax	17,775	25,227	27,791	26,018
Education Property Tax	6,040	5,713	5,991	5,741
Employer Health Tax	6,537	7,223	7,797	8,276
Ontario Health Premium	4,330	4,414	4,445	4,794
Gasoline Tax	1,898	2,202	2,103	1,923
Land Transfer Tax	3,698	5,827	4,443	3,858
Tobacco Tax	1,099	927	864	830
Fuel Tax	686	771	571	505
Beer, Wine and Spirits Taxes	624	624	600	579
Electricity Payments in Lieu of Taxes	563	666	674	538
Ontario Portion of the Federal Cannabis Excise Duty	106	215	310	330
Other Taxes	619	759	627	696
	110,884	131,675	136,518	141,213
Government of Canada				
Canada Health Transfer	16,206	16,731	17,525	19,226
Canada Social Transfer	5,815	6,003	6,178	6,386
Equalization	–	–	–	421
Infrastructure Programs	769	562	769	1,206
Labour Market Programs	1,323	1,476	1,181	1,161
Social Housing Agreement	338	305	263	218
Other Federal Payments	9,014	5,091	4,817	5,997
Direct Transfers to Broader Public Sector Organizations	459	439	530	470
	33,924	30,607	31,264	35,086
Income from Government Business Enterprises				
Liquor Control Board of Ontario	2,539	2,543	2,457	2,458
Ontario Power Generation Inc./Hydro One Ltd.	2,044	2,151	850	1,486
Ontario Lottery and Gaming Corporation	359	1,561	2,505	2,490
Ontario Cannabis Store	67	186	234	223
iGaming Ontario	–	–	87	136
	5,009	6,441	6,133	6,792

continued...

Table 3.8
Revenue (continued)

(\$ Millions)

	Actual 2020–21	Actual 2021–22	Actual 2022–23	Current Outlook 2023–24
Other Non-Tax Revenue				
Fees, Donations and Other Revenues from Broader Public Sector Organizations	7,790	9,688	11,492	11,104
Vehicle and Driver Registration Fees ¹	1,952	33	1,251	1,114
Miscellaneous Other Non-Tax Revenue	1,860	2,628	2,149	1,755
Other Fees and Licences	1,092	1,237	1,438	1,518
Sales and Rentals	680	1,046	1,227	1,799
Reimbursements	1,277	1,233	1,031	1,055
Royalties	359	468	335	322
Power Supply Contract Recoveries	116	67	48	43
Net Reduction of Power Purchase Contracts	28	5	–	–
	15,153	16,405	18,972	18,710
Total Revenue	164,970	185,128	192,887	201,802

¹ Vehicle and Driver Registration Fees in 2022–23 reflects the elimination and rebate of eligible licence plate renewal fees paid since March 1, 2021.

Note: Numbers may not add due to rounding.

Source: Ontario Ministry of Finance.

Table 3.9

Total Expense^{1,2}

(\$ Millions)

	Actual 2020–21	Actual 2021–22	Actual 2022–23	Current Outlook 2023–24
Ministry Expense				
Agriculture, Food and Rural Affairs (Base)	288	284	300	361.4
Demand-Driven Risk Management and Time-Limited Programs	458	358	502	472.1
COVID-19 Time-Limited Funding ³	41	32	30	–
Agriculture, Food and Rural Affairs (Total)	787	674	832	833.6
Attorney General (Base)	1,523	1,622	1,813	1,838.7
Statutory Appropriations — <i>Crown Liability and Proceedings Act, 2019</i>	60	49	79	–
One-Time Accounting Adjustment for the Victim Fine Surcharge Program	196	–	–	–
COVID-19 Time-Limited Funding ³	71	145	31	–
Attorney General (Total)	1,850	1,816	1,923	1,838.7
Board of Internal Economy (Base)	248	283	392	304.8
COVID-19 Time-Limited Funding ³	0	2	0	–
Board of Internal Economy (Total)	248	284	392	304.8
Children, Community and Social Services (Base)	16,994	16,777	18,054	19,394.0
COVID-19 Time-Limited Funding ³	440	293	48	–
Children, Community and Social Services (Total)	17,433	17,071	18,102	19,394.0
Citizenship and Multiculturalism (Base)	23	33	54	67.7
COVID-19 Time-Limited Funding ³	–	3	2	–
Citizenship and Multiculturalism (Total)	23	36	56	67.7
Colleges and Universities (Base)	8,767	9,542	10,583	10,758.4
Student Financial Assistance	766	954	1,019	1,357.7
COVID-19 Time-Limited Funding ³	292	117	32	–
Colleges and Universities (Total)	9,826	10,614	11,634	12,116.1
Economic Development, Job Creation and Trade (Base)	162	164	167	188.8
Tax Credits for Research and Development and Regional Investment ⁴	218	304	321	299.2
Ontario Made Manufacturing Investment Tax Credit	–	–	–	215.0
Time-Limited Investments	187	157	540	977.2
Bad Debt Expense	211	–	–	–
COVID-19 Time-Limited Funding ³	3,106	360	46	–
Economic Development, Job Creation and Trade (Total)	3,885	985	1,074	1,680.2
Education (Base)	28,389	28,893	33,623	34,714.1
Teachers' Pension Plan	1,607	1,610	1,661	1,711.0
COVID-19 Time-Limited Funding ³	2,885	1,060	918	–
Education (Total)	32,881	31,563	36,202	36,425.1
Energy (Base)	229	240	254	284.8
Electricity Cost-Relief Programs	5,539	6,313	5,844	6,514.2
COVID-19 Time-Limited Funding ³	906	274	2	–
Energy (Total)	6,674	6,827	6,100	6,799.0
Environment, Conservation and Parks (Base)	632	687	727	785.7
COVID-19 Time-Limited Funding ³	3	16	17	–
Environment, Conservation and Parks (Total)	635	703	743	785.7

continued...

Table 3.9
Total Expense^{1,2} (continued)

(\$ Millions)

	Actual 2020–21	Actual 2021–22	Actual 2022–23	Current Outlook 2023–24
Ministry Expense				
Executive Offices (Base)	45	49	55	66.2
Time-Limited Assistance	2	–	–	–
COVID-19 Time-Limited Funding ³	6	2	0	–
Executive Offices (Total)	53	51	55	66.2
Finance (Base)	678	759	799	893.9
Investment Management Corporation of Ontario ⁵	128	210	245	298.8
Ontario Municipal Partnership Fund	502	502	501	501.9
Temporary and Other Local Assistance	21	21	21	81.0
Power Supply Contract Costs	116	67	48	42.9
Time-Limited Investments	–	–	174	118.9
COVID-19 Time-Limited Funding ³	440	231	0	–
Finance (Total)	1,884	1,789	1,789	1,937.4
Francophone Affairs (Base)	5	7	7	7.9
Time-Limited Investments	–	–	1	–
COVID-19 Time-Limited Funding ³	1	2	–	–
Francophone Affairs (Total)	6	9	8	7.9
Health (Total)⁶	59,878	64,286	68,843	72,868.9
COVID-19 Health Response⁷	5,082	6,167	3,331	–
Indigenous Affairs (Base)	64	85	111	136.0
One-Time Investments Including Settlements	149	152	6,273	–
COVID-19 Time-Limited Funding ³	42	4	1	–
Indigenous Affairs (Total)	256	241	6,384	136.0
Infrastructure (Base)	171	167	266	657.3
Federal–Provincial Infrastructure Programs	161	267	379	491.6
Broadband	67	75	148	783.2
Waterfront Toronto Revitalization (Port Lands Flood Protection)	103	156	25	25.0
Municipal Infrastructure Program Investments	197	399	396	397.0
Realty	1,099	1,156	1,095	1,195.2
COVID-19 Time-Limited Funding ³	9	10	24	–
Infrastructure (Total)	1,807	2,230	2,332	3,549.4
Labour, Immigration, Training and Skills Development (Base)	170	102	202	241.0
Training Tax Credits (Co-operative Education and Apprenticeship Training) ⁸	98	105	86	93.5
Demand-Driven Employment and Training Programs	1,173	955	1,206	1,454.2
COVID-19 Time-Limited Funding ³	33	794	310	–
Labour, Immigration, Training and Skills Development (Total)	1,473	1,957	1,803	1,788.6
Long-Term Care (Total)⁹	4,514	5,300	6,304	8,306.4
Mines (Base)	85	135	147	184.8
One-Time Accounting Adjustment for Contaminated Sites	–	183	86	–
COVID-19 Time-Limited Funding ³	0	–	–	–
Mines (Total)	86	318	233	184.8

continued...

Table 3.9
Total Expense^{1,2} (continued)

(\$ Millions)

Ministry Expense	Actual 2020–21	Actual 2021–22	Actual 2022–23	Current Outlook 2023–24
Municipal Affairs and Housing (Base)	485	486	564	771.2
Time-Limited Investments	224	351	404	546.1
Social Housing Agreement — Payments to Service Managers ¹⁰	313	281	206	198.2
COVID-19 Time-Limited Funding ³	2,707	330	390	—
Municipal Affairs and Housing (Total)	3,729	1,447	1,563	1,515.5
Natural Resources and Forestry (Base)	505	607	615	700.0
Emergency Forest Firefighting	115	237	95	135.0
One-Time Accounting Adjustment for Landfills	202	—	—	—
COVID-19 Time-Limited Funding ³	13	12	2	—
Natural Resources and Forestry (Total)	835	857	712	834.9
Northern Development (Base)	583	605	661	725.6
COVID-19 Time-Limited Funding ³	0	41	—	—
Northern Development (Total)	583	646	661	725.6
Public and Business Service Delivery (Base)	549	629	1,038	1,144.1
COVID-19 Time-Limited Funding ³	414	141	201	—
Public and Business Service Delivery (Total)	963	770	1,239	1,144.1
Seniors and Accessibility (Base)	55	53	63	66.4
Seniors Tax Credits (Home Safety and Care at Home)	10	30	164	120.0
COVID-19 Time-Limited Funding ³	151	43	11	—
Seniors and Accessibility (Total)	216	127	237	186.4
Solicitor General (Base)	2,807	2,981	3,375	3,613.4
COVID-19 Time-Limited Funding ³	94	150	96	—
Solicitor General (Total)	2,901	3,131	3,472	3,613.4
Tourism, Culture and Sport (Base)	691	858	836	849.2
Ontario Cultural Media Tax Credits	512	693	833	906.1
Ontario Cultural Media Tax Credits — Amounts Related to Prior Years	65	84	51	—
COVID-19 Time-Limited Funding ³	120	257	200	—
Tourism, Culture and Sport (Total)	1,388	1,893	1,921	1,755.3
Transportation (Base)	4,646	5,180	5,794	6,186.3
Federal–Provincial Infrastructure Programs	449	231	230	729.2
COVID-19 Time-Limited Funding ³	2,188	369	609	—
Transportation (Total)	7,283	5,780	6,632	6,915.5

continued...

Table 3.9
Total Expense^{1,2} (continued)

(\$ Millions)

	Actual 2020–21	Actual 2021–22	Actual 2022–23	Current Outlook 2023–24
Ministry Expense				
Treasury Board Secretariat (Base)	296	315	607	525.3
Employee and Pensioner Benefits	1,485	2,633	1,178	1,260.7
Operating Contingency Fund	–	–	–	5,340.5
Capital Contingency Fund	–	–	–	57.2
COVID-19 Time-Limited Funding ³	3	2	0	–
Treasury Board Secretariat (Total)	1,784	2,950	1,785	7,183.6
Interest on Debt¹¹	12,296	12,583	12,389	13,449.0
Total Expense	181,260	183,103	198,750	206,413.8

¹ Numbers reflect current ministry structure.

² Ministry expenses have been restated for reclassification and program transfer changes. These changes are fiscally neutral. The actual results are presented on a similar basis for consistency.

³ COVID-19 Time-Limited Funding is no longer being reported separately, starting in 2023–24.

⁴ Includes the estimated cost of tax credit claims for the Ontario Innovation Tax Credit, Ontario Business-Research Institute Tax Credit and the Regional Opportunities Investment Tax Credit (ROITC). Figures from 2020–21 to 2022–23 include tax credit amounts related to prior years, except for the ROITC in 2020–21.

⁵ Based on the requirements of Public Sector Accounting Standards, the province consolidates the financial results of the Investment Management Corporation of Ontario.

⁶ Includes accounting adjustments tied primarily to grants provided for infrastructure projects and other related investments.

⁷ For presentation purposes in the 2023 *Ontario Economic Outlook and Fiscal Review*, Time-Limited COVID-19-related health response spending has been included separately for 2020–21 to 2022–23, instead of within the Ontario Ministry of Health and Ontario Ministry of Long-Term Care.

⁸ The Co-operative Education Tax Credit remains in effect. The Apprenticeship Training Tax Credit was eliminated for eligible apprenticeship programs that commenced on or after November 15, 2017. Amounts from 2020–21 to 2022–23 include tax credit amounts related to prior years, however a decrease in costs of \$18 million for the Apprenticeship Training Tax Credit in 2022–23 was reported separately as revenue.

⁹ The Ontario Ministry of Long-Term Care total includes expenses incurred by Ontario Health for funding for long-term care. These amounts will be consolidated in the total expense of the Ontario Ministry of Health, including \$4.7 billion for 2022–23 actuals and \$5.2 billion in 2023–24.

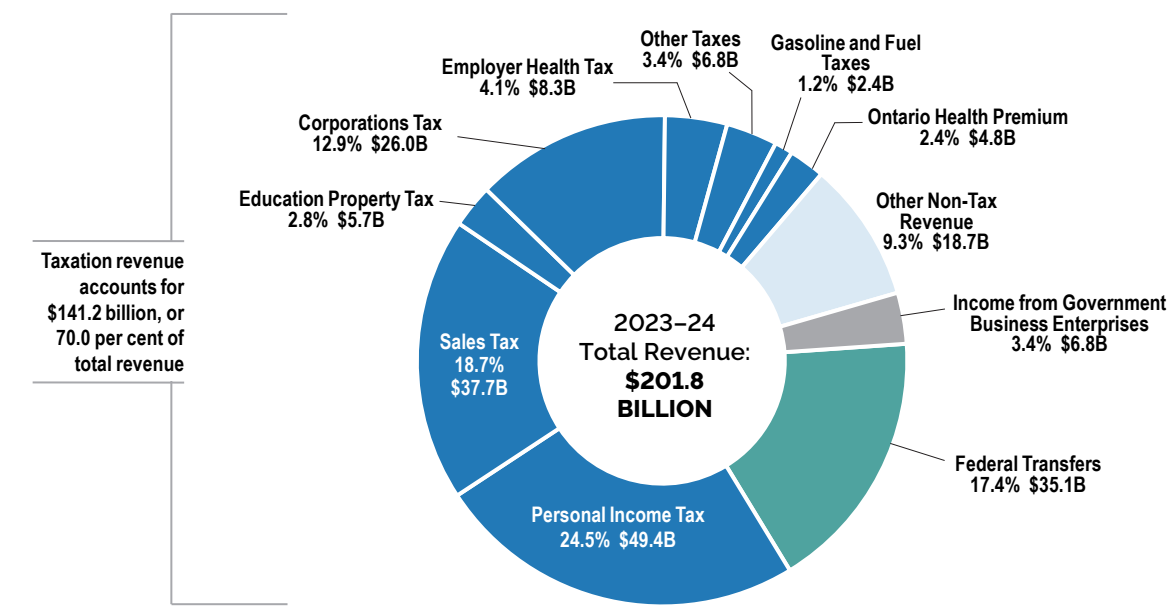
¹⁰ The annual decline from 2020–21 to 2023–24 is mainly due to declining federal obligations, such as maturing mortgages, under the Social Housing Agreement.

¹¹ Interest on debt is net of interest capitalized during construction of tangible capital assets of \$230 million in 2020–21, \$321 million in 2021–22, \$694 million in 2022–23 and \$573 million in 2023–24.

Note: Numbers may not add due to rounding.

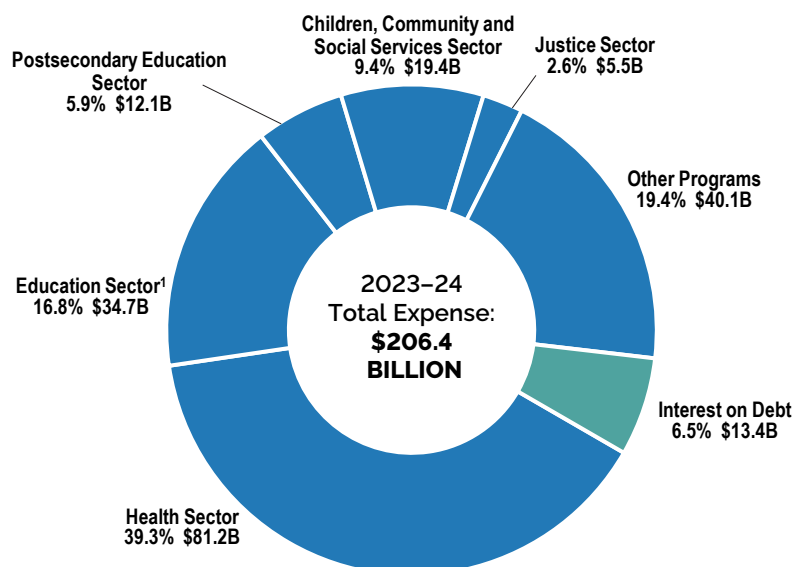
Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

Chart 3.4
Composition of Revenue, 2023–24



Note: Numbers may not add due to rounding.
Source: Ontario Ministry of Finance.

Chart 3.5
Composition of Total Expense, 2023–24



¹ Excludes Teachers' Pension Plan. Teachers' Pension Plan expense is included in Other Programs.

Note: Numbers may not add due to rounding.

Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

Table 3.10
Infrastructure Expenditures

(\$ Millions)

Sector	Total	2023–24 Current Outlook		
	Infrastructure Expenditures 2022–23 Actual ¹	Investment in Capital Assets ^{2,3}	Transfers and Other Infrastructure Expenditures ⁴	Total Infrastructure Expenditures
Transportation				
Transit	6,670	6,195	1,276	7,471
Provincial Highways	2,505	3,098	95	3,193
Other Transportation, Property and Planning	283	157	79	236
Health				
Hospitals	2,799	3,348	1	3,349
Other Health	287	77	496	573
Education	2,886	2,777	226	3,003
Postsecondary Education				
Colleges and Other	628	614	90	705
Universities	169	—	124	124
Social	619	32	361	394
Justice	(262)	824	27	851
Other Sectors⁵	2,647	1,121	2,517	3,638
Total Infrastructure Expenditures	19,230	18,243	5,293	23,536
Less: Other Partner Funding ⁶	2,932	2,560	304	2,864
Total⁷	16,298	15,683	4,989	20,672

¹ Includes adjustments for the net book value of assets disposed during the year, as well as changes in valuation.

² Includes provincial investment in capital assets of \$13.6 billion.

³ Includes \$573 million in interest capitalized during construction.

⁴ Includes transfers to municipalities, universities and non-consolidated agencies.

⁵ Includes broadband infrastructure, government administration, natural resources, and the culture and tourism industries.

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

⁷ Includes federal–municipal contributions to provincial infrastructure investments.

Note: Numbers may not add due to rounding.

Source: Ontario Treasury Board Secretariat.

Table 3.11

10-Year Review of Selected Financial and Economic Statistics^{1,2}

(\$ Millions)

	2014–15	2015–16	2016–17
Revenue	126,152	136,148	140,734
Expense			
Programs	126,199	129,905	131,442
Interest on Debt ³	11,221	11,589	11,727
Total Expense	137,420	141,494	143,169
Reserve	–	–	–
Surplus/(Deficit)	(11,268)	(5,346)	(2,435)
Net Debt	294,557	306,357	314,077
Accumulated Deficit	196,665	203,014	205,939
Gross Domestic Product (GDP) at Market Prices	727,042	760,435	790,749
Primary Household Income	490,423	512,570	520,486
Population (000s) — July ⁴	13,618	13,709	13,877
Net Debt per Capita (dollars)	21,630	22,347	22,634
Household Income per Capita (dollars)	36,013	37,389	37,508
Net Debt as a Per Cent of Revenue	233.5%	225.0%	223.2%
Interest on Debt as a Per Cent of Revenue	8.9%	8.5%	8.3%
Net Debt as a Per Cent of GDP	40.5%	40.3%	39.7%
Accumulated Deficit as a Per Cent of GDP	27.1%	26.7%	26.0%

¹ Amounts reflect a change in pension expense that was calculated based on recommendations of the Independent Financial Commission of Inquiry, as described in Note 19 to the Consolidated Financial Statements, in *Public Accounts of Ontario 2017–2018*. Amounts for net debt and accumulated deficit also reflect this change.

² Revenues and expenses have been restated to reflect the change in presentation of third-party revenue from Broader Public Sector organizations to be reported as revenue. This restatement is fiscally neutral.

³ Interest on debt is net of interest capitalized during construction of tangible capital assets of \$230 million in 2020–21, \$321 million in 2021–22, \$694 million in 2022–23, and \$573 million in 2023–24.

⁴ Population figures are for July 1 of the fiscal year indicated (i.e., for 2023–24, the population on July 1, 2023, is shown).

Note: Numbers may not add due to rounding.

Sources: Statistics Canada; Ontario Treasury Board Secretariat; and Ontario Ministry of Finance.

					Actual	Current
	2017–18	2018–19	2019–20	2020–21	2022–23	Outlook
						2023–24
	150,696	153,804	156,167	164,970	192,887	201,802
	142,464	148,747	152,265	168,964	186,361	192,965
	11,912	12,385	12,497	12,296	12,583	13,449
	154,375	161,132	164,762	181,260	198,750	206,414
	–	–	–	–	–	1,000
	(3,679)	(7,328)	(8,595)	(16,290)	(5,863)	(5,612)
	323,068	337,623	352,382	372,501	400,484	416,079
	208,257	215,770	224,814	238,231	246,804	252,416
	824,979	860,104	893,224	866,981	1,044,670	1,082,387
	541,501	567,484	593,065	592,460	704,510	748,190
	14,078	14,327	14,574	14,762	15,145	15,608
	22,948	23,566	24,180	25,234	26,443	26,657
	38,463	39,610	40,695	40,135	46,518	47,935
	214.4%	219.5%	225.6%	225.8%	207.6%	206.2%
	7.9%	8.1%	8.0%	7.5%	6.4%	6.7%
	39.2%	39.3%	39.5%	43.0%	38.3%	38.4%
	25.2%	25.1%	25.2%	27.5%	23.6%	23.3%

An aerial photograph of a city landscape. A wide river flows from the top center towards the bottom left. To the right of the river, a multi-lane highway runs parallel to it. The city is densely packed with green trees, residential houses, and some commercial buildings. In the background, a large body of water, likely a lake, is visible under a cloudy sky. A blue semi-transparent box is overlaid on the bottom right of the image, containing the chapter title.

Chapter 4

Borrowing and Debt Management

Introduction

Ontario conducts its borrowing program responsibly and prudently to minimize interest on debt (IOD) costs.

Ontario's forecast total long-term borrowing program in 2023–24 has increased compared with the forecast from the *2023 Budget*. About 43 per cent, or \$15.0 billion, of this year's \$34.7 billion current long-term borrowing requirement has been completed to date.

Ontario's net debt-to-GDP ratio is now forecast to be 38.4 per cent in 2023–24, compared with the forecast of 37.8 per cent in the *2023 Budget*.

Ontario's net debt-to-revenue is now forecast to be 206 per cent in 2023–24, compared with the forecast of 199 per cent in the *2023 Budget*.

Ontario is forecast to pay \$13.4 billion in interest costs in 2023–24, \$0.6 billion lower than the *2023 Budget* forecast, due to lower borrowing costs in 2022–23 which have carried forward. Ontario's 2023–24 interest on debt-to-revenue is forecast to be 6.7 per cent, a decrease of 0.2 percentage points from the *2023 Budget* forecast of 6.9 per cent.

Borrowing Program

Ontario's borrowing program is primarily used to refinance maturing debt, make investments in capital assets and fund deficits. Ontario will continue to finance most of its borrowing program in the long-term public markets in Canada and internationally.

Ontario's long-term borrowing requirement for 2023–24 increased by \$7.2 billion from the 2023 *Budget* forecast. This is primarily due to higher than previously forecasted deficits in 2022–23 and 2023–24.

Table 4.1

2023–24 Borrowing Program and Medium-Term Outlook

(\$ Billions)

	2023 Budget	In-Year Change	Current Outlook	Medium-Term Outlook	
			2023–24	2024–25	2025–26
Deficit/(Surplus)	1.3	4.3	5.6	5.3	(0.5)
Investment in Capital Assets	13.6	0.0	13.6	18.7	19.0
Non-Cash and Cash Timing Adjustments	(9.2)	7.9	(1.3)	(11.2)	(12.0)
Loans to Infrastructure Ontario	0.1	–	0.1	0.1	0.2
Other Net Loans/Investments	0.1	(0.0)	0.1	(1.0)	(0.2)
Debt Maturities/Redemptions	31.2	(0.0)	31.2	28.0	33.1
Total Funding Requirement	37.0	12.2	49.2	39.9	39.5
Decrease/(Increase) in Short-Term Borrowing	–	–	–	(2.5)	(2.5)
Increase/(Decrease) in Cash and Cash Equivalents	5.0	(5.0)	–	–	–
Pre-borrowing in 2022–23 for 2023–24	(14.5)	–	(14.5)	–	–
Total Long-Term Borrowing	27.5	7.2	34.7	37.4	37.0

Note: Numbers may not add due to rounding.

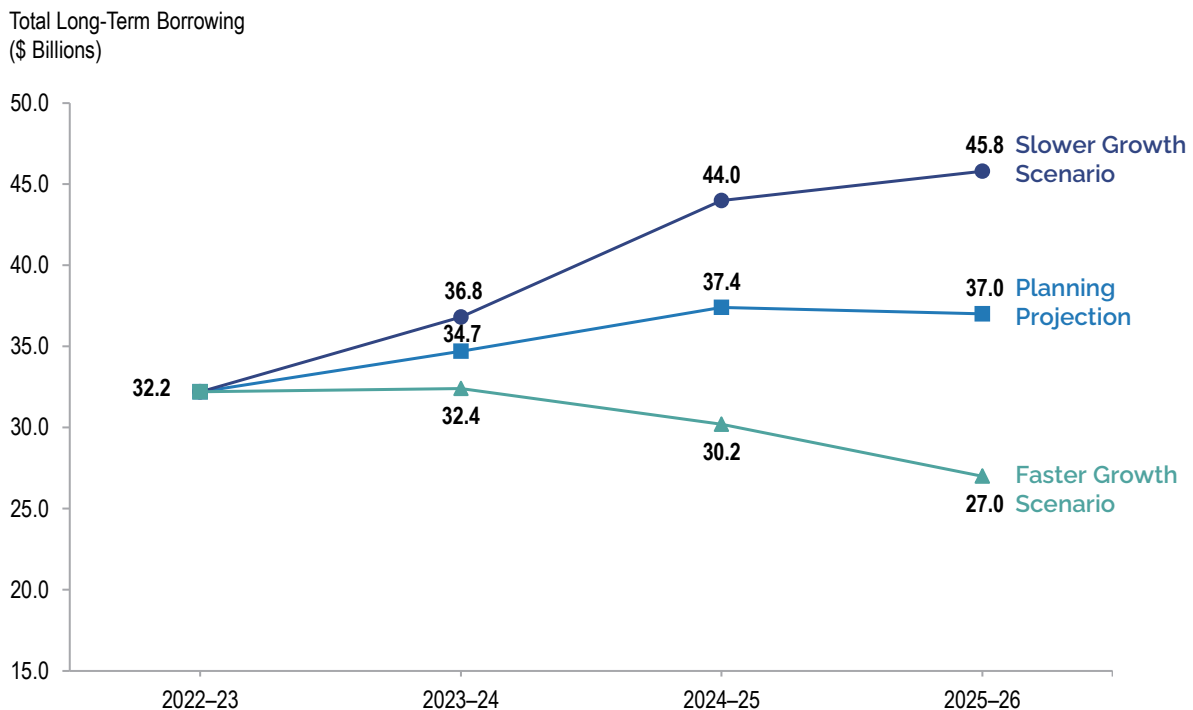
Source: Ontario Financing Authority.

As of October 12, 2023, \$15.0 billion, or 43 per cent of this year's long-term public borrowing has been completed.

Over the three-year outlook period, total long-term borrowing is now forecast to be \$19.6 billion higher than forecast in the *2023 Budget*. This is primarily due to higher deficit and lower surplus forecasts over the medium-term outlook.

In the event that alternative economic scenarios materialize, Ontario's borrowing requirements in the next three years would also change (see Chapter 3: *A Strong Foundation for the Next Generation: Ontario's Fiscal Plan and Outlook* for further details, and a description of the resulting alternative medium-term outlook scenarios). Under the Faster Growth scenario, long-term borrowing would decrease by \$19.6 billion over the three-year outlook period, while under the Slower Growth scenario, long-term borrowing would increase by \$17.3 billion over the same period.

Chart 4.1
Borrowing Outlook Scenarios for Long-Term Borrowing

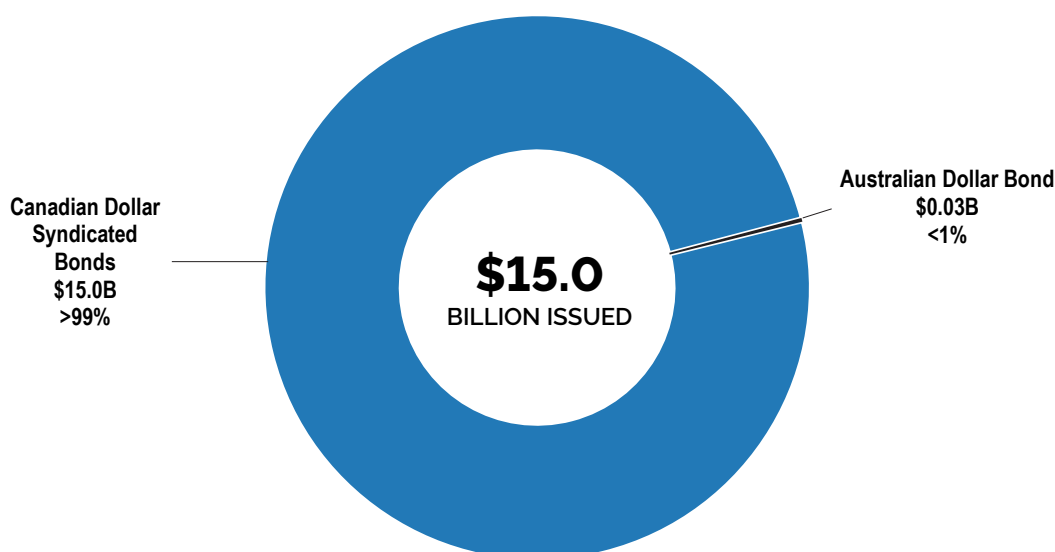


Sources: Ontario Financing Authority and Ontario Ministry of Finance.

Almost all borrowing completed so far for fiscal year 2023–24 was in Canadian dollars, primarily through 19 syndicated issues. Ontario has not accessed its core foreign currency markets of US dollars and Euros for more than a year and a half, due to the cost effectiveness of borrowing in the Canadian domestic market. However, Ontario expects to access its core foreign currency markets to fund a significant portion of the increase in the 2023–24 long-term borrowing program from the *2023 Budget* forecast.

Ontario's target range for domestic borrowing remains unchanged at 75 to 90 per cent of borrowing completed for the 2023–24 fiscal year. This range will be further adjusted, if necessary, in response to the increased long-term borrowing requirement and evolving investor demand in the Canadian dollar and foreign currency debt markets.

Chart 4.2
2023–24 Borrowing

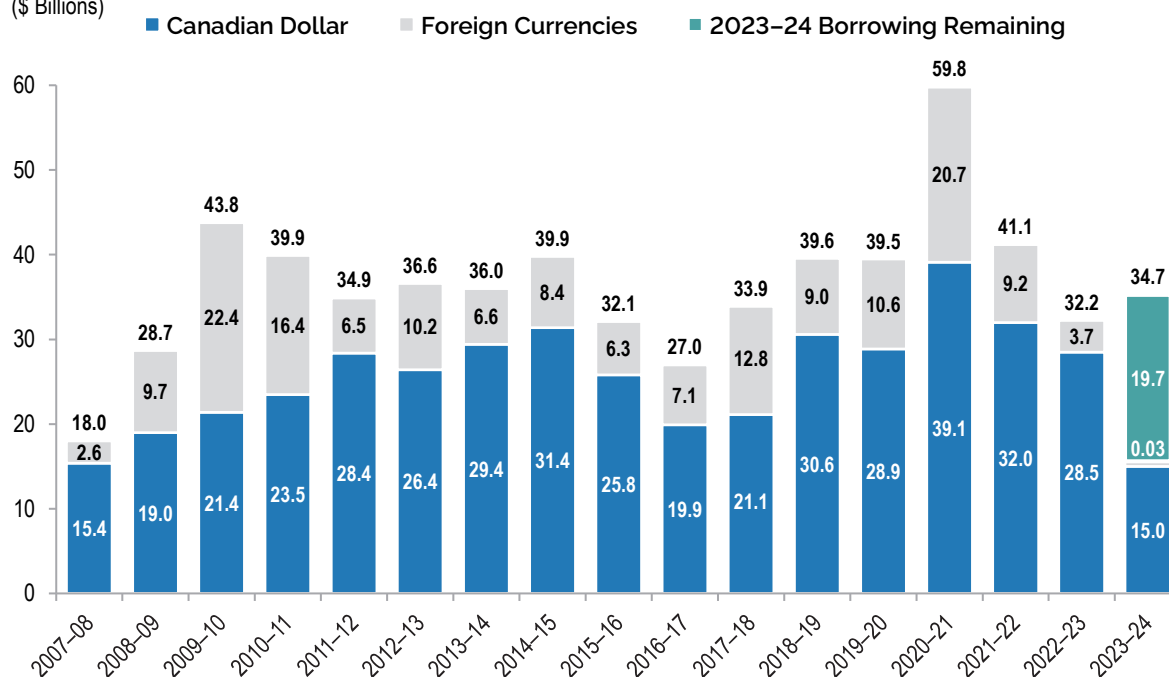


Note: Numbers may not add due to rounding.
Source: Ontario Financing Authority.

Foreign currency borrowing helps reduce Ontario's overall borrowing costs by continuing to diversify Ontario's investor base. This diversification ensures the government will continue to have access to capital, even if domestic market conditions become challenging.

Chart 4.3
Domestic and International Borrowing

Total Long-Term Borrowing
(\$ Billions)



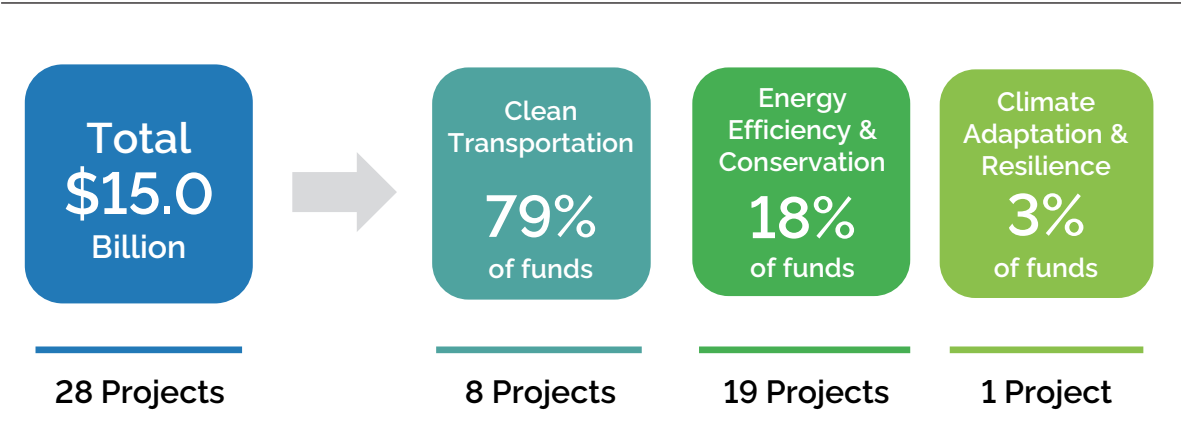
Note: Numbers may not add due to rounding.

Source: Ontario Financing Authority.

Green Bond Program

Green Bonds remain a core component of Ontario’s borrowing program and are an important tool to help finance public transit initiatives, extreme weather-resistant infrastructure, as well as energy efficiency and conservation projects. Ontario remains the largest issuer of Canadian dollar Green Bonds, totalling \$15.0 billion issued since 2014–15, with \$13.0 billion outstanding.

Chart 4.4
Green Bond Allocation by Framework Category

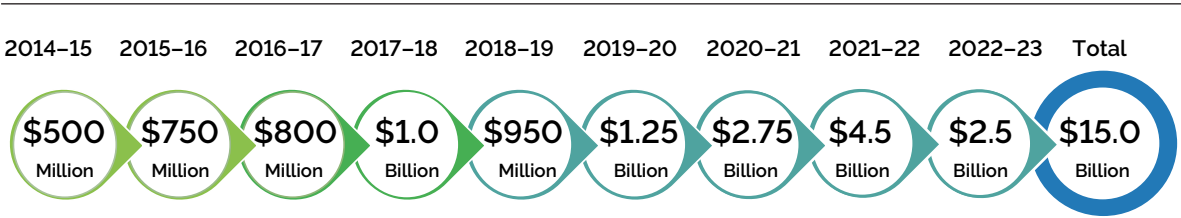


Note: Numbers may not add due to rounding.
Source: Ontario Financing Authority.

Ontario is updating its Green Bond Framework. The update includes better alignment of framework categories with the Green Bond Principles through standardized wording, as well as the expansion from green to sustainable to allow for a greater breadth of potential bond offerings in the future.

Ontario plans to continue its leadership in the Canadian dollar Green Bond market and, subject to market conditions, will issue multiple Green Bonds each fiscal year, including in 2023–24.

Chart 4.5
Ontario's Green Bond Issues

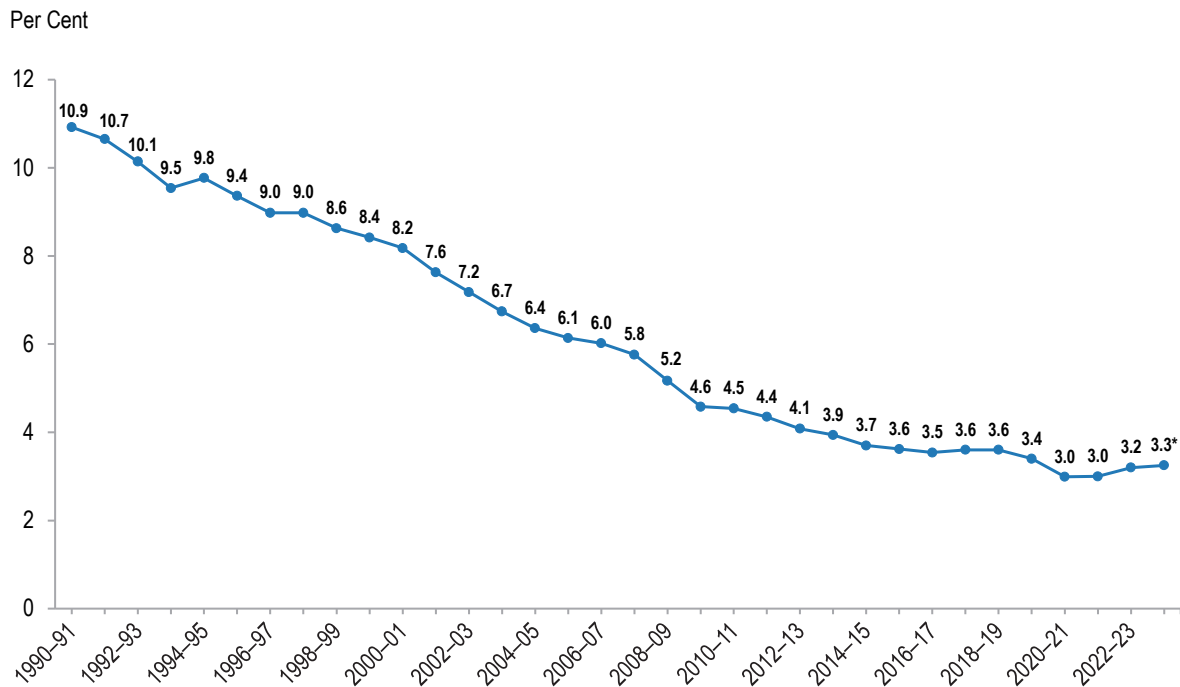


Source: Ontario Financing Authority.

Cost of Debt

After a three-decade decline, interest rates have risen as central banks, including the Bank of Canada and the U.S. Federal Reserve, have raised overnight interest rates. This has impacted Ontario's IOD costs. Chart 4.6 shows that while the effective interest rate has begun to rise, the interest rate on the total debt portfolio remains low in historical terms due to Ontario's decision to lock in long-term rates and extend the term of its debt since the Global Financial Crisis in 2007–08.

Chart 4.6
Effective Interest Rate (Weighted Average) on Total Debt



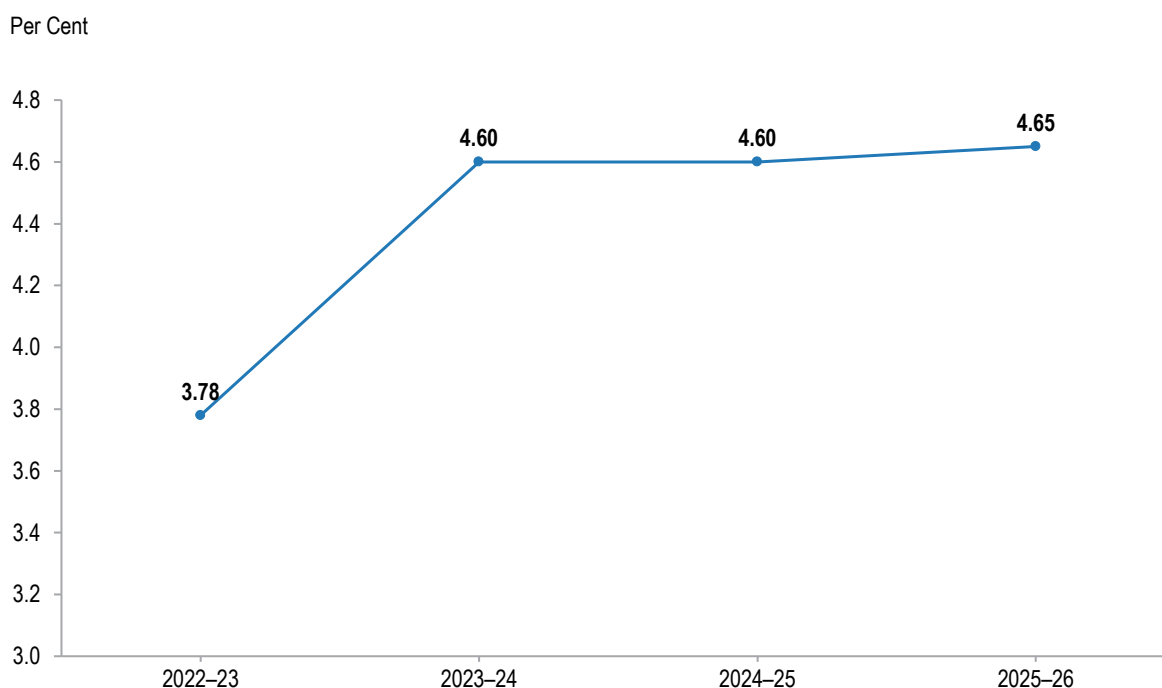
*As of September 30, 2023.

Sources: *Public Accounts of Ontario* (1990–1991 to 2022–2023) and Ontario Financing Authority.

Despite the further increases to the overnight rate since the *2023 Budget*, Ontario's cost of borrowing for 2023–24 remains at 4.60 per cent, as long-term rates have remained within the range forecasted in the *2023 Budget*. A one percentage point change in interest rates either up or down from the current interest rate forecast is estimated to have a corresponding change in Ontario's borrowing costs of approximately \$700 million in the first full year.

Chart 4.7 shows the average borrowing rates on debt issued in 2022–23 and the forecast used to estimate the future cost of borrowing or IOD expense for the remainder of 2023–24 and the medium-term outlook. The average borrowing rates remain unchanged from the *2023 Budget* forecast.

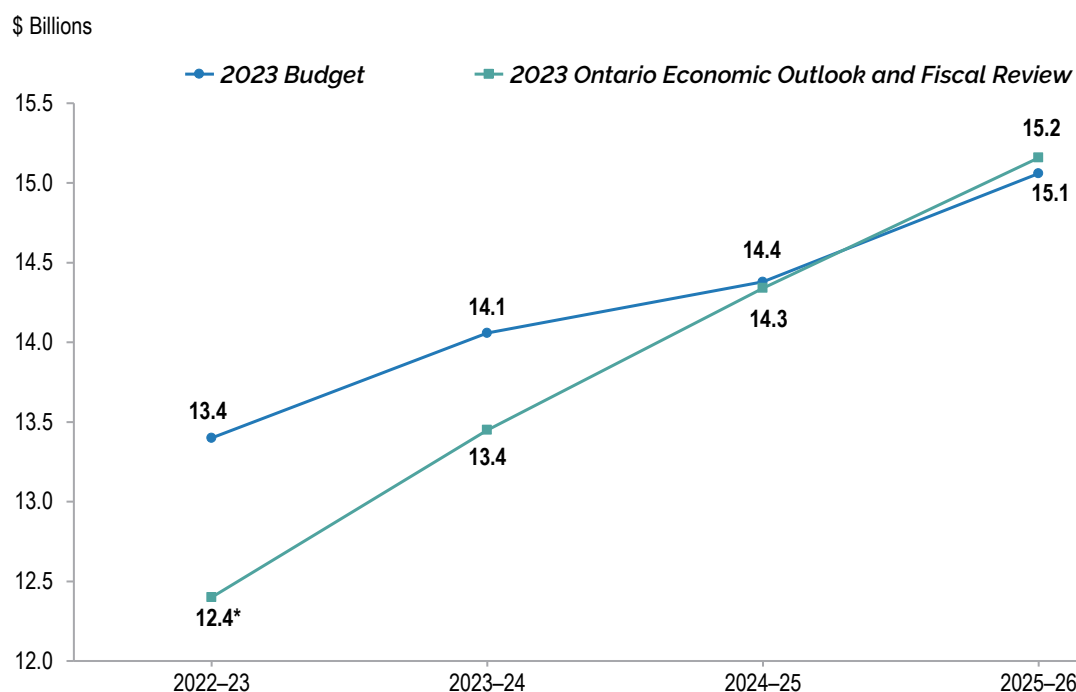
Chart 4.7
Average Annual Ontario Borrowing Rates



Source: Ontario Financing Authority.

Ontario is forecast to pay \$13.4 billion in interest costs in 2023–24, \$14.3 billion in 2024–25, and \$15.2 billion in 2025–26, compared to the *2023 Budget* forecasts of \$14.1 billion, \$14.4 billion and \$15.1 billion, respectively. Over this period, cumulative IOD expense is \$0.7 billion below the *2023 Budget* forecast. This is primarily due to lower borrowing costs in 2022–23 as reported in the *Public Accounts of Ontario 2022–2023*, partially offset by higher long-term borrowings for these years. Interest on Debt remains Ontario’s fourth largest expense after health care, education and social services.

Chart 4.8
Interest on Debt Expense Lower than *2023 Budget* Forecast



*Public Accounts of Ontario 2022–2023.

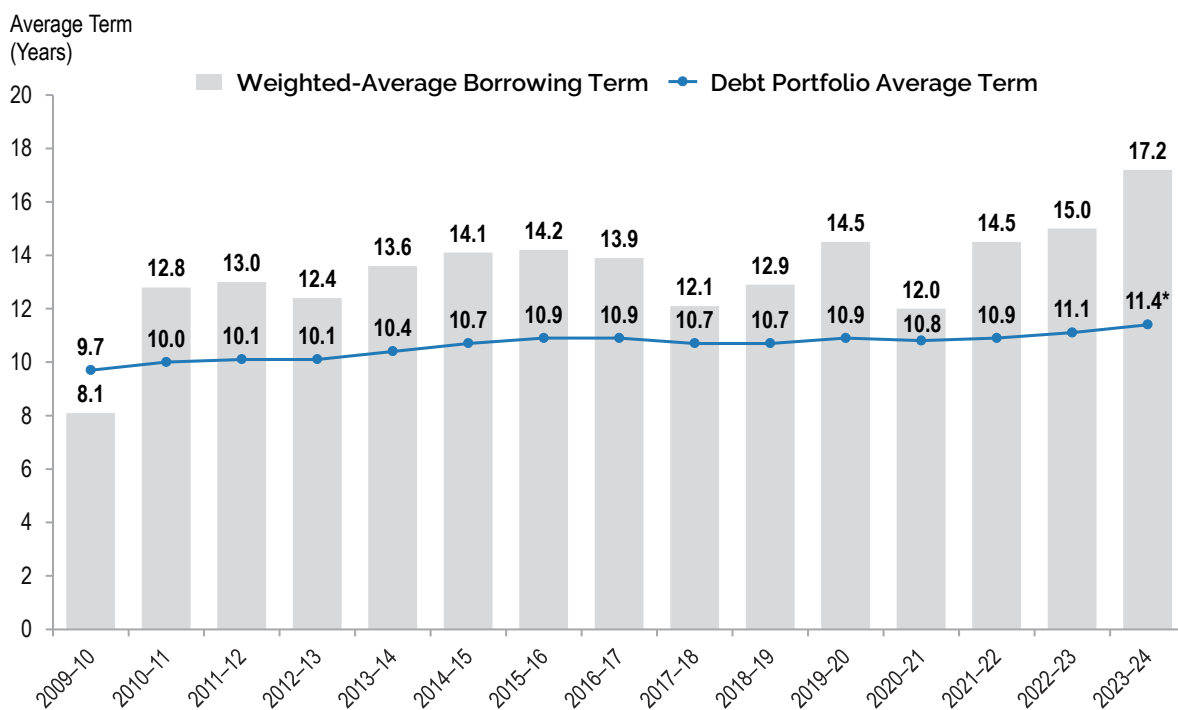
Source: Ontario Financing Authority.

Term of Debt

Ontario has continued to extend the term of its debt, when investor demand allowed, to reduce refinancing risk on maturing debt. This also protects the IOD forecast in the long term against further increases in interest rates. Ontario has issued \$129.8 billion of bonds, or well over one quarter of total debt, with maturities of 30 years or longer since 2010–11. This includes \$5.6 billion in 2023–24.

The success Ontario has had in extending the term of its debt from the time of the Global Financial Crisis has created flexibility for managing its large borrowing program and debt portfolio. Due to the extension of the term of debt in recent years, the impact on IOD in the short term and medium term has been lessened. Given interest rates have recently risen to near historical averages, Ontario will monitor the market and adjust the debt term strategy in the future, if necessary, in response to further changes to interest rates and the yield curve.

Chart 4.9
Weighted-Average Term of Borrowings



*As of September 30, 2023.

Source: Ontario Financing Authority.

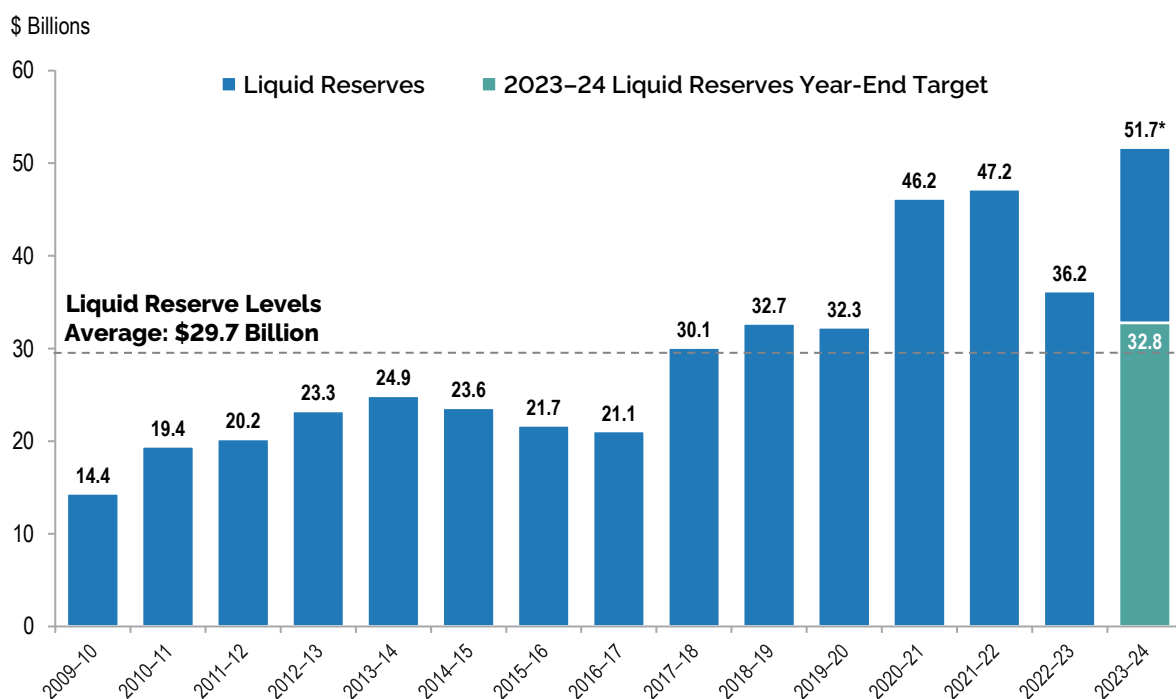
Ensuring Adequate Liquidity Levels

Ontario balances the objective of minimizing the cost of holding liquid reserves against the need to always have enough cash on hand to pay its bills, invest in capital assets, refinance maturing debt and pay interest.

With the onset of the COVID-19 pandemic, Ontario had built larger cash reserves due to growth in the borrowing program. Starting in 2022–23, Ontario began to bring liquid reserves back to pre-COVID-19 pandemic levels, as shown in Chart 4.10. Cash reserves also allow the government to quickly respond to any unforeseen borrowing market, economic or geopolitical events.

Ontario's unrestricted liquid reserves for 2023–24 have averaged \$51.7 billion so far this year. These levels are unusually high, and well above the target of \$32.8 billion for the end of the fiscal year. The average for the year to date is pulled higher by having kept sufficient funds for the first two months of the fiscal year in advance of a large debt maturity and coupon payment on June 2, 2023, totalling over \$16 billion. As well, liquid reserves have remained high given other financial obligations that had yet to be paid out by September 30.

Chart 4.10
Average Unrestricted Liquid Reserve Levels



*As of September 30, 2023.

Source: Ontario Financing Authority.

Progress on the Debt Burden Reduction Strategy

In the *2023 Budget*, Ontario included an updated Debt Burden Reduction Strategy, with new targets over the medium-term outlook for the relevant measures of debt sustainability. The government remains committed to reducing the debt burden and putting Ontario's finances back on a more sustainable path.

Table 4.2

Progress on Relevant Debt Sustainability Measures

(Per Cent)

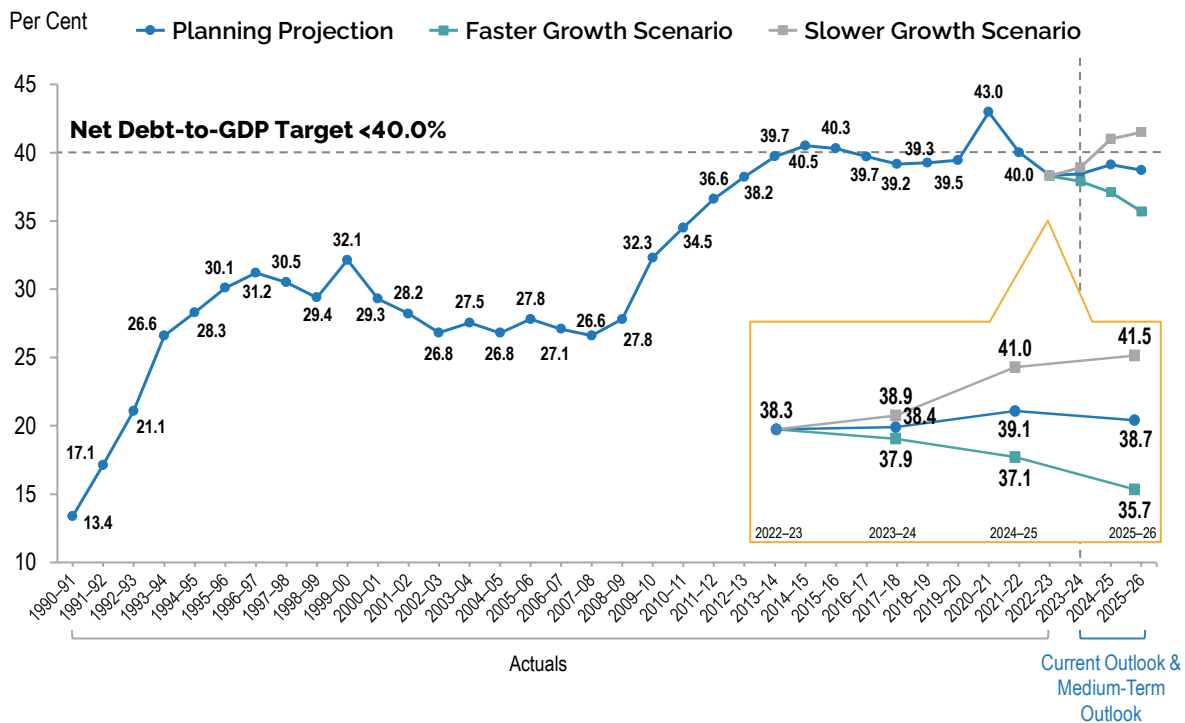
	2023 Budget Target	2023 Budget 2023–24	2023 FES 2023–24
Net Debt-to-GDP	<40.0	37.8	38.4
Net Debt-to-Revenue	<200	199	206
Interest on Debt-to-Revenue	<7.5	6.9	6.7

Note: 2023 FES in the table is defined as the 2023 Ontario Economic Outlook and Fiscal Review.

Source: Ontario Financing Authority.

Ontario's 2023–24 net debt-to-GDP ratio is now forecast to be 38.4 per cent, an increase of 0.6 percentage points from the forecasted 37.8 per cent in the *2023 Budget*, which is mainly due to higher than previously projected deficits. This ratio measures the relationship between a government's obligations and its ability to meet them, indicating the burden of government debt as a share of the economy. Ontario's net debt-to-GDP is now forecast to be 39.1 per cent in 2024–25 and 38.7 per cent in 2025–26, compared to the *2023 Budget* forecasts of 37.7 per cent and 36.9 per cent, respectively.

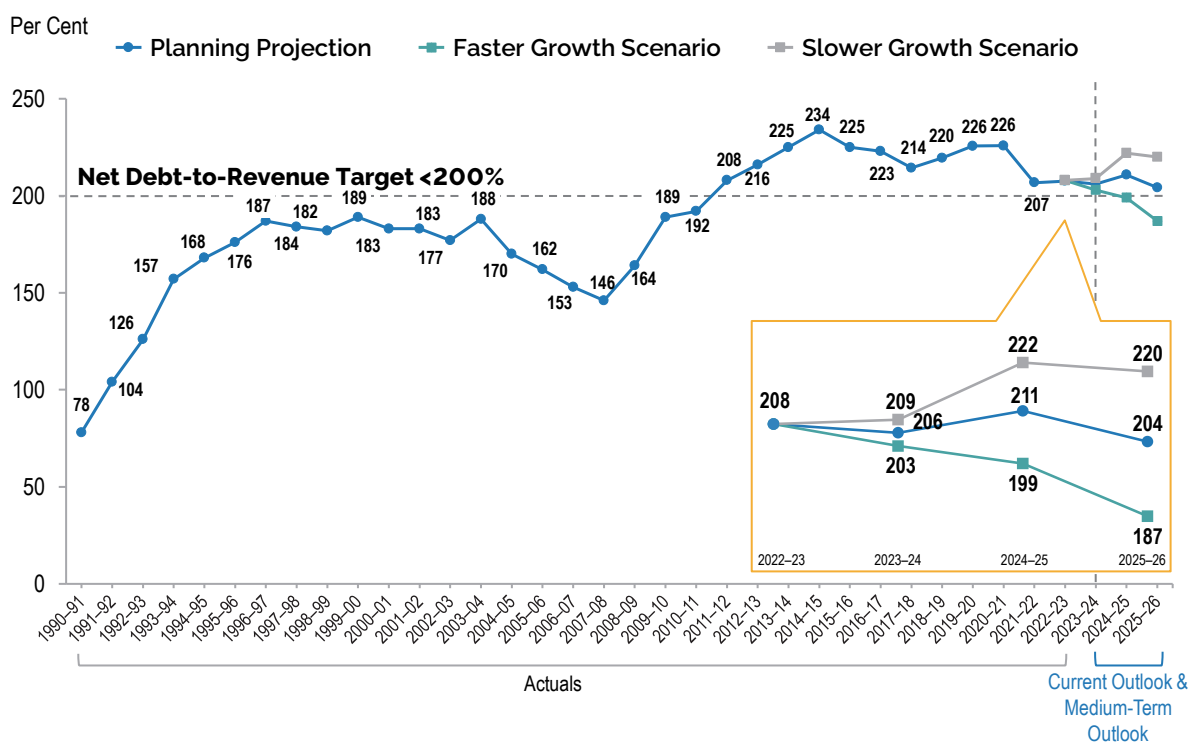
Chart 4.11
Net Debt-to-GDP



Note: See Chapter 3: *A Strong Foundation for the Next Generation: Ontario's Fiscal Plan and Outlook* for details on the Faster Growth and Slower Growth Scenarios.
Sources: Statistics Canada and Ontario Ministry of Finance.

The net debt-to-revenue ratio is projected to be 206 per cent in 2023–24, 7 percentage points above the 199 per cent forecast in the *2023 Budget*. This ratio is an indicator of how many years it would take to eliminate the debt if the Ontario government were to spend all its annual revenue on debt repayment. Over the medium-term outlook, this ratio is forecast to be 211 per cent in 2024–25 and 204 per cent in 2025–26, higher by 14 percentage points in each year, compared to the forecast in the *2023 Budget*. The modest rise in this ratio above the 200 per cent target will be monitored leading up to the *2024 Budget*.

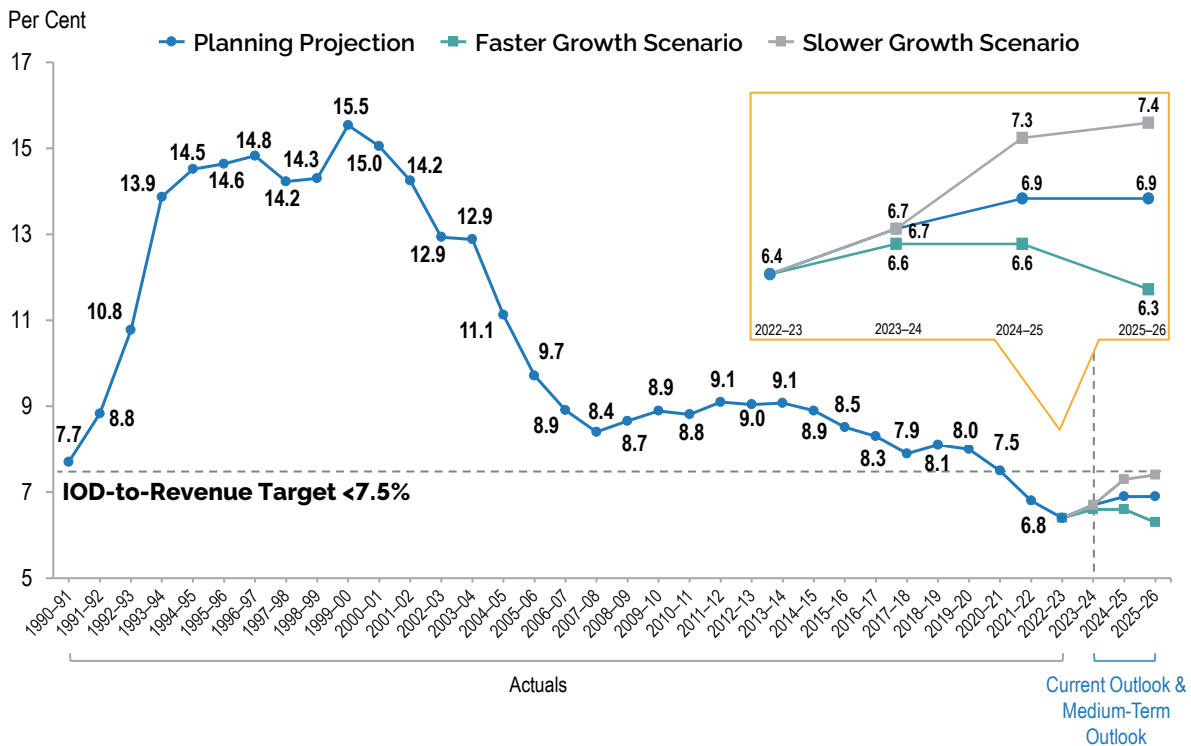
Chart 4.12
Net Debt-to-Revenue



Note: See Chapter 3: *A Strong Foundation for the Next Generation: Ontario's Fiscal Plan and Outlook* for details on the Faster Growth and Slower Growth Scenarios.
Sources: *Public Accounts of Ontario* (1990–1991 to 2022–2023) and Ontario Financing Authority.

The IOD-to-revenue ratio is forecast to be 6.7 per cent in 2023–24, 0.2 percentage points lower than the 6.9 per cent forecast in the *2023 Budget*. This ratio represents how much Ontario needs to spend on interest for every revenue dollar received. Despite increases in deficits, IOD-to-revenue over the medium term continues to remain lower than forecasted in the pre-COVID-19 pandemic *2019 Budget*. This ratio is forecast to remain below the peak of 9.1 per cent reached last decade during the recovery from the Global Financial Crisis and is significantly lower than the levels in the early 1990s through to the mid-2000s.

Chart 4.13
Interest on Debt-to-Revenue



Note: See Chapter 3: *A Strong Foundation for the Next Generation: Ontario's Fiscal Plan and Outlook* for details on the Faster Growth and Slower Growth Scenarios.
Sources: Public Accounts of Ontario (1990–1991 to 2022–2023) and Ontario Financing Authority.



Annex

Details of Tax Measures and Other Legislative Initiatives

Overview

This Annex contains detailed information on tax measures and other legislative initiatives proposed in this document.

Enhancing the Ontario Harmonized Sales Tax Rebate for Purpose-Built Rental Housing

The Ontario Harmonized Sales Tax (HST) New Residential Rental Property Rebate is available for the eight per cent provincial portion of the HST paid on certain purchases of a newly constructed or substantially renovated residential rental property. The current rebate is equal to 75 per cent of the provincial portion of the HST paid, up to a maximum rebate of \$24,000.

To encourage the construction of more purpose-built rental housing, the government is taking steps to enhance the rebate so that it is equal to 100 per cent of the provincial portion of the HST paid, with no maximum rebate amount, for qualifying new purpose-built rental housing. This would mirror the proposed enhancements to the federal Goods and Services Tax/Harmonized Sales Tax (GST/HST) New Residential Rental Property Rebate of the 5 per cent federal portion of the HST, and together would remove the full 13 per cent HST on qualifying new purpose-built rental housing in Ontario.

Eligible new residential units would be those that qualify for the existing GST/HST New Residential Rental Property Rebate and are in buildings with at least:

- Four private apartments (i.e., a unit containing a private kitchen, bathroom and living areas), or 10 private rooms or suites; and
- Ninety per cent of residential units designated for long-term rental.

The enhanced provincial rebate would apply to qualifying projects that begin construction on or after September 14, 2023, and on or before December 31, 2030, and complete construction by December 31, 2035. This timeframe would be aligned with the newly enhanced federal rebate.

Substantial renovations of existing residential complexes would not be eligible for the enhanced rebate but would remain eligible for the existing rebate.

Changes to Ontario's rebate require federal regulatory changes. The Ontario government will work closely with the federal government to ensure the coordinated and timely implementation of the enhancement.

Extending the Temporary Gas Tax and Fuel Tax Cuts

The Ontario government temporarily cut the Gasoline Tax by 5.7 cents per litre and the Fuel Tax (diesel) by 5.3 cents per litre on July 1, 2022. The Gasoline Tax and Fuel Tax rates are currently 9 cents per litre. These tax reductions are set to end on December 31, 2023, when the tax rates would return to 14.7 cents per litre for gas and 14.3 cents per litre for fuel.

The government is introducing legislation that would amend the *Gasoline Tax Act* and the *Fuel Tax Act* to extend the rate cuts so that the rate of tax on gas and fuel would remain at 9 cents per litre for an additional six months until June 30, 2024.

Entering into a Coordinated Vaping Product Taxation Agreement

Research suggests youth vaping can lead to smoking. According to research published in the *Canadian Medical Association Journal*, for every six non-smokers who use vaping products, one person will begin smoking cigarettes. Using taxation is a proven and well-established approach to deterring the consumption of products that pose health risks. Public health experts, the World Health Organization, and organizations like the Canadian Cancer Society have stated that taxation is a critical public policy tool to reduce vaping, especially among young people, and helps manage the associated health risks.

In fall 2022, the federal government implemented a federal vaping tax. Subsequently, the federal government has invited all provinces and territories to participate in that tax. Ontario is responding to this invitation to enable the federal government to levy an additional excise duty on vaping products intended for sale in Ontario at the same rate as the existing federal excise duty. Ontario would receive the revenue from the additional excise duty.

Joining the agreement with the federal government aligns with existing policies in most other provinces and territories. British Columbia, Saskatchewan, Newfoundland and Labrador, and Nova Scotia have already instituted a provincial tax on vaping products, while several other provinces and territories have indicated interest in entering into agreements with the federal government.

Further information on the implementation of the coordinated agreement will be available in the coming months.

Enhancing the Ontario Focused Flow-Through Share Tax Credit

The Ontario Focused Flow-Through Share Tax Credit is intended to stimulate mineral exploration in the province and improve access to capital for small mining exploration companies. It provides eligible individuals with a refundable tax credit of five per cent of eligible Ontario expenses.

The government is proposing to enhance the credit by expanding eligibility to include specified critical mineral exploration expenditures that are eligible for the federal Critical Mineral Exploration Tax Credit¹ and renounced on or after January 1, 2023.

This proposed change would result in an additional \$12 million per year in tax credit support to the critical minerals mining industry.

Summary of Measures

Table A.1

Summary of Measures

(\$ Millions)

	2023–24	2024–25	2025–26
Enhancing the Ontario HST Rebate for Purpose-Built Rental Housing	1	35	150
Extending the Temporary Gas Tax and Fuel Tax Cuts	320	325	–
Enhancing the Ontario Focused Flow-Through Share Tax Credit	12	12	12
Total	333	372	162

Notes: A positive number reflects the benefit to individuals, families or businesses, as represented by an increase in government expense or a decrease in government revenue. Total is based on the sum of rounded figures for the purpose of presentation. The Ontario Focused Flow-Through Share Tax Credit estimate does not reflect impacts on taxable income.

“–” indicates an amount that is nil.

Source: Ontario Ministry of Finance.

¹ See the federal *Budget 2022* for information on critical minerals eligible for the federal credit, <https://www.budget.canada.ca/2022/report-rapport/chap2-en.html#2022-2>

Technical Amendments

Amendments are being proposed to various statutes administered by the Ontario Minister of Finance, or other statutes, to improve administrative effectiveness or enforcement, maintain the integrity and equity of Ontario's tax and revenue collections system, or enhance legislative clarity or regulatory flexibility to preserve policy intent.

Proposed legislative amendments include:

- Amendments to the *Gasoline Tax Act* to extend the International Fuel Tax Agreement (IFTA) registration, reporting, and audit requirements to Ontario-based interjurisdictional carriers (e.g., long-haul truckers) who use alternative fuels. These changes would ensure that Ontario can meet its obligations under IFTA.
- Amendments to the *Taxation Act, 2007* to update the calculation of the Ontario Health Premium so that it is payable on split income, in addition to taxable income.
- Amendments to the *Taxation Act, 2007* to remove the rounding rule used in determining an individual's tax credit for the Minimum Tax.
- Amendments to the French version of the *Taxation Act, 2007* to use proper and accurate terms that are consistent with the English version.
- Amendments to the *Securities Act* and *Commodity Futures Act* to change the names of certain self-regulatory organizations, correct a French term, and update a reference to "person or company."
- Amendments to the *Ministry of Revenue Act* in support of the expansion of enforcement of Ontario's child support orders in international jurisdictions.
- Amendments to the *Ministry of Training, Colleges and Universities Act* to enable the implementation of enhanced collection tools for defaulted Ontario student loans.

Other Legislative Initiatives

Pooling of Assets of Broader Public Sector Funds

The Investment Management Corporation of Ontario (IMCO) provides pooled asset management services for Ontario's broader public sector (BPS). Operating at arm's length from the government, IMCO aims to provide its BPS members with access to world-class investment expertise on a cost-effective basis.

Municipalities are eligible to be members of IMCO; however, under the *Municipal Act, 2001*, municipalities that opt into the prudent investor standard are required to delegate their investment authority to an investment board or joint investment board. The government is proposing a technical amendment to the *Investment Management Corporation of Ontario Act, 2015*, to update eligibility provisions and clarify that municipal investment boards and joint investment boards are eligible to become IMCO members.

General Anti-Avoidance Rule

On August 4, 2023, the federal government released for consultation proposed amendments to the general anti-avoidance rule (GAAR) in its *Income Tax Act*. Once implemented, Ontario intends to mirror the changes to the federal GAAR in the *Taxation Act, 2007*.

Consultations on Building a Strong Ontario Together

The *2023 Ontario Economic Outlook and Fiscal Review* outlines the government's progress on *Ontario's Plan to Build*, by taking a responsible and targeted approach that supports people and businesses, while laying a strong fiscal foundation for future generations. The government will continue to actively seek ideas from workers, families, business owners, organizations and communities on what they want to see in the next phase of the government's plan as part of the *2024 Budget*.

The people of Ontario can share their ideas online or by mail directly with Ontario's Minister of Finance on key issues for the next budget, including how to get critical infrastructure projects built, attract additional investments to create more jobs, keep costs down and provide better services. Submit your written ideas via the online submission portal, or by mail to the address below. People can also take an online guided survey that will launch in November 2023, or attend an in-person consultation session.

Online

Submit your written ideas via the new online submission portal at www.ontario.ca/budgetconsultations

By Mail

The Honourable Peter Bethlenfalvy
Minister of Finance
c/o Budget Secretariat
Frost Building North, 3rd Floor
95 Grosvenor Street
Toronto, ON M7A 1Z1



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TAB 78



2022-23 Interprovincial Budget Comparison

Comparing Ontario's Revenues, Spending, Budget Balance
and Net Debt with Other Provinces



Highlights

This report provides a comparison of Ontario government revenues, spending, budget balance and net debt with the other Canadian provinces based on Statistics Canada's Government Finance Statistics (GFS). Financial information is reviewed for the 2022-23 fiscal year and is referred to as 2022 throughout the report.

Ontario's total revenue per capita was the lowest in Canada

- In 2022, Ontario received \$12,643 in total revenue per capita, the lowest among the provinces and \$4,034 (24.2 per cent) below the average for the rest of Canada (\$16,676), reflecting slightly lower tax revenue per capita and much lower federal transfers and other non-tax revenues per capita.
 - Ontario collected \$9,687 in tax revenue per capita, \$92 (0.9 per cent) below the rest of Canada average of \$9,779. Measured against economic activity, Ontario's tax revenue (14.0 per cent of GDP) was also below the average of the other provinces (14.5 per cent of GDP).
 - Ontario received \$1,984 per capita in federal transfers, the lowest among the provinces and \$1,927 (49.3 per cent) below the rest of Canada average (\$3,911).
 - Ontario collected \$971 per capita in other non-tax revenue, the lowest among the provinces and \$2,015 (67.5 per cent) below the rest of Canada average (\$2,987).
- Since 2008, Ontario has consistently collected the lowest or second lowest revenue per capita among the provinces.

Ontario's total spending per capita was the lowest in Canada

- In 2022, Ontario's total spending per capita of \$13,065 was the lowest among the provinces and \$3,338 (20.4 per cent) below the rest of Canada average (\$16,403).
- Ontario's program spending of \$12,138 per capita in 2022 was the lowest among the provinces and \$3,251 (21.1 per cent) lower than the rest of Canada average (\$15,389), reflecting relatively low spending on health and all other programs per capita.
 - Health spending per capita in Ontario was \$4,889 in 2022, the lowest in Canada and \$876 (15.2 per cent) below the average of the other provinces.
 - Education spending in Ontario, which includes spending on primary, secondary and postsecondary education programs, was \$2,843 per capita in 2022, the fifth highest among the provinces and \$71 (2.6 per cent) above the average of the other provinces.
 - All other program spending per capita in Ontario was \$4,406 in 2022, the lowest among the provinces and \$2,446 (35.7 per cent) below the average in the rest of Canada.
- Interest on debt payments were \$927 per capita in 2022, the fourth highest among the provinces but \$88 (8.6 per cent) below the rest of Canada average (\$1,014), reflecting Ontario's below-average effective interest rate on its debt.
- Since 2008, Ontario's total spending per capita has consistently ranked at or near the lowest among the provinces.



Ontario was one of five provinces to record a deficit in 2022

- According to the GFS, Ontario recorded a budget deficit of \$422 per capita in 2022. Excluding Ontario, the average budget position of the other provinces was a \$273 per capita surplus.
- Alberta, Saskatchewan, Prince Edward Island, New Brunswick, and Newfoundland and Labrador recorded budget surpluses in 2022, while Manitoba, Nova Scotia, Ontario, Quebec and British Columbia recorded budget deficits.

Ontario's debt burden per capita was the highest in Canada

- Ontario's net debt per capita was \$19,436 in 2022, the highest among the provinces and \$9,997 (105.9 per cent) above the rest of Canada average (\$9,439). Ontario's higher relative net debt results from its frequent budget deficits, which have typically been larger than the average budget deficit in the rest of Canada.
- Despite its high debt burden, Ontario had a below-average effective interest rate of 3.5 per cent in 2022, which helped limit the impact of the province's relatively high debt levels on the size of its interest on debt payments.

Introduction and Background

This report provides a comparison of Ontario government revenues, spending, budget balance and net debt with the other Canadian provinces based on Statistics Canada's Government Finance Statistics (GFS). The GFS data, published since 2008,¹ adjust for differences in each province's organizational structure and accounting practices, providing a standardized framework for comparing provincial budgetary results.²

This report reviews financial information for the 2022-23 fiscal year, which is referred to as 2022 throughout the report. The report provides interprovincial comparisons for:

- revenues, including tax revenues, federal transfers and other non-tax revenues;
- spending, including program spending and interest on debt payments;
- budget balances; and
- net debt and effective interest rates.

Methodology

This report uses data from the provincial and territorial governments GFS Tables [10-10-0017-01](#) and [10-10-0024-01](#). Adjustments to include school boards' property tax revenue and tuition fees generated by colleges and school boards were also made to better align with how Ontario presents its financial statements. To ensure comparability among provinces, the same adjustments were made to all provinces.

Data are presented primarily on a per capita basis to account for the impact of the size of each province's population on financial results. [Appendix A](#) provides per capita results shown throughout this report as well as financial results as a share of economic activity.

For comparison purposes, [Appendix B](#) presents the provincial financial results from Appendix A combined with the financial results of municipal and local governments, health and social service institutions, school boards, colleges and universities. On this basis, Ontario's relative financial performance compared to other provinces is broadly similar to its provincial performance presented throughout this report.

¹ Some GFS data are available from 2007; however, the majority of provincial data are only available from 2008.

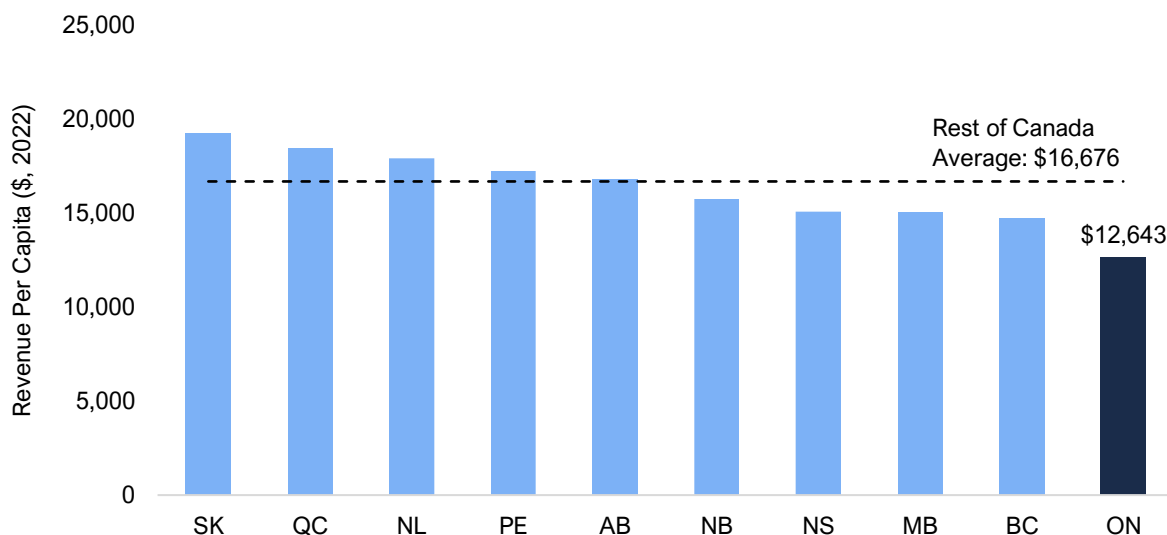
² When the latest GFS data are released, data from previous years are also revised to reflect information not available at the time of the previous release. As a result, figures in this report may not align with those presented in previous reports.

Revenues

Canadian provinces receive revenue from taxation, federal transfers and other non-tax sources. In 2022, Ontario generated \$12,643 in total revenue per person, the lowest amount among the provinces and \$4,034 (24.2 per cent) below the average for the rest of Canada (\$16,676). Ontario's low revenue per capita relative to other provinces reflects Ontario's below-average federal transfers and other non-tax revenues. Since 2008, Ontario's total revenue per capita has consistently ranked lowest or second lowest among the provinces.

Figure 1

Ontario's revenue per capita was the lowest in Canada in 2022

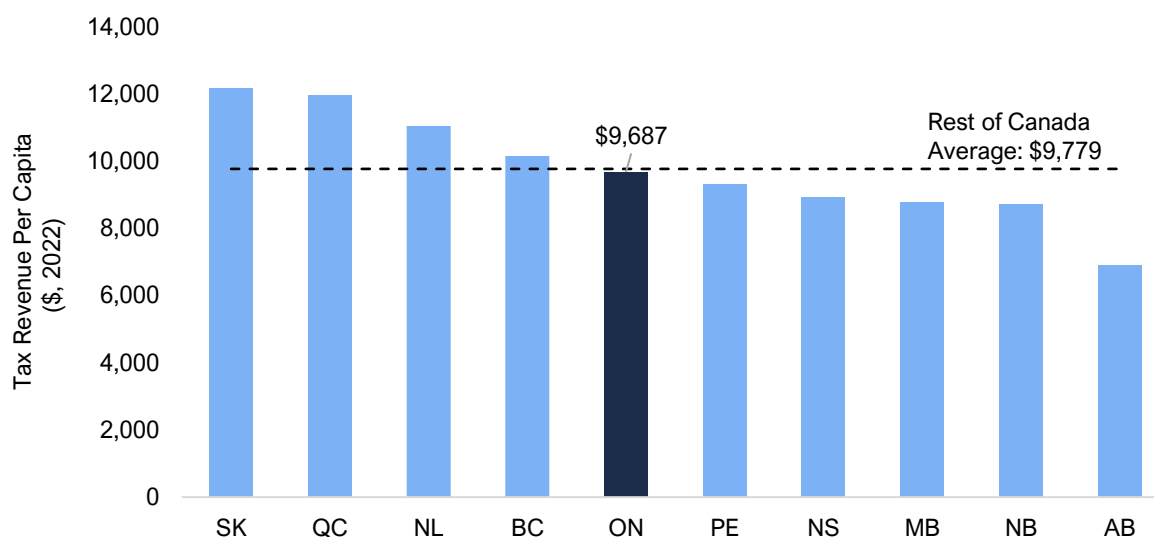


Sources: Statistics Canada Tables [10-10-0017-01](#), [17-10-0005-01](#), [10-10-0019-01](#) and FAO.

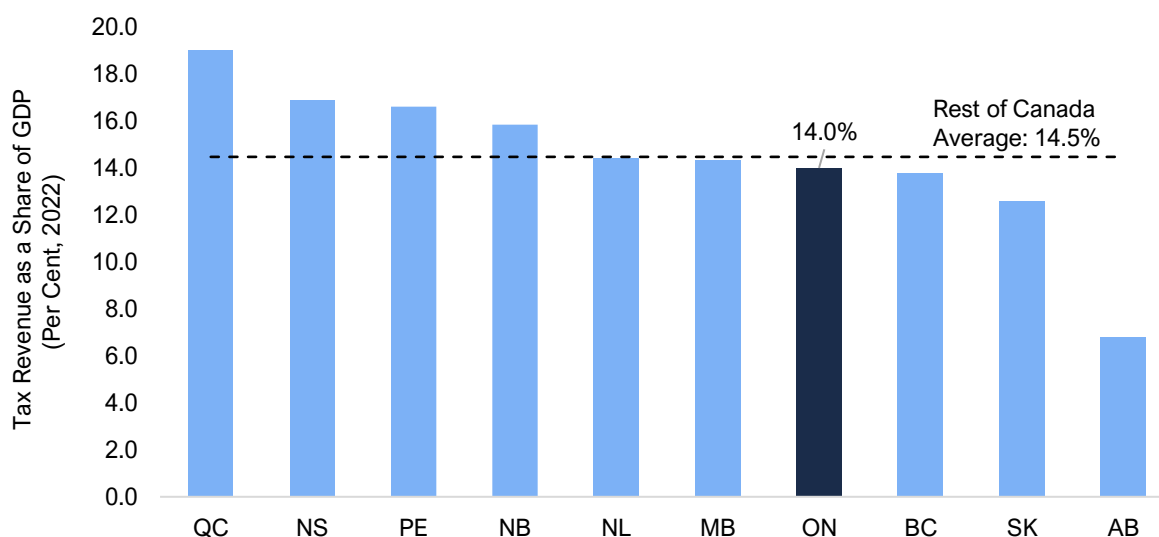
Tax revenues

Ontario received \$9,687 in tax revenue per capita in 2022, modestly below the rest of Canada average of \$9,779. Saskatchewan collected the highest tax revenue per capita (\$12,197), while Alberta collected the lowest (\$6,891). Ontario has historically had relatively higher tax revenue per capita compared to the rest of Canada average, however, slow tax revenue per capita growth in Ontario in 2022 (+1.5 per cent) compared to the rest of Canada (+13.7 per cent) brought Ontario below the rest of Canada average.³

³ Ontario's slower growth in 2022 was largely driven by a 6.8 per cent decline in personal income tax revenue per capita, which tempered a 5.4 per cent gain in corporations tax revenue per capita and a 14.4 per cent increase in sales tax revenue per capita. The stronger tax revenue per capita growth in the rest of Canada average resulted from increases in personal income tax revenue per capita of 9.3 per cent, corporations tax revenue per capita of 63.0 per cent and sales tax revenue per capita of 9.1 per cent.

Figure 2
Ontario's tax revenue per capita was below the average of other provinces in 2022

 Sources: Statistics Canada Tables [10-10-0017-01](#), [17-10-0005-01](#), [10-10-0019-01](#) and FAO.

When measured against the province's economic output, Ontario's tax revenues represented 14.0 per cent of Gross Domestic Product (GDP) in 2022, below the 14.5 per cent average among the other provinces. On this basis, Ontario's tax revenues were 5.0 percentage points below Quebec (the highest ranked province at 19.0 per cent of GDP) and 7.2 percentage points above Alberta (the lowest ranked province at 6.8 per cent of GDP).

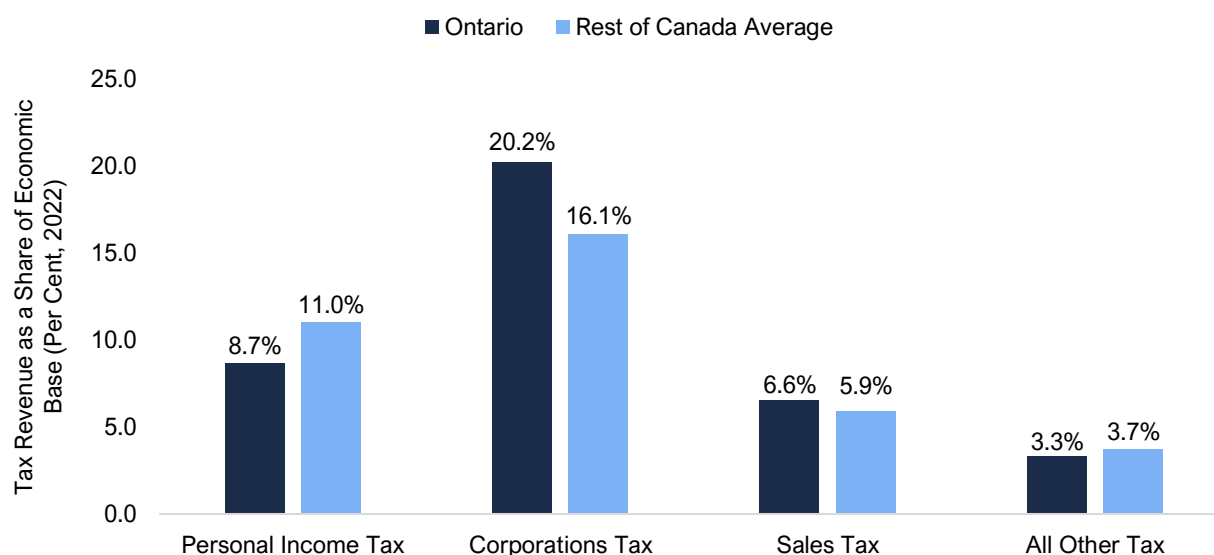
Figure 3
Ontario's tax revenue as a share of GDP was below the average of other provinces in 2022

 Sources: Statistics Canada Tables [10-10-0017-01](#), [36-10-0222-01](#), [10-10-0019-01](#) and FAO.

Dividing tax revenue categories by their corresponding economic bases provides an indication of the amount of tax revenue collected relative to economic activity. The economic bases of personal income tax, corporations tax and sales tax revenues are labour income, corporate profits and household spending, respectively.⁴ While these economic bases are not complete measures of the actual tax base, they can be used as proxies to evaluate each province on a common basis.⁵

- Personal income tax revenue represented 8.7 per cent of labour income in Ontario, the second lowest among the provinces and below the rest of Canada average of 11.0 per cent.
- Corporations tax revenue represented 20.2 per cent of corporate profits in Ontario, the second highest among the provinces and higher than the rest of Canada average of 16.1 per cent.
- Sales tax revenue represented 6.6 per cent of household spending in Ontario, the sixth highest among the provinces and above the rest of Canada average of 5.9 per cent.
- All other tax revenue represented 3.3 per cent of GDP⁶ in Ontario, the fourth lowest among the provinces and below the rest of Canada average of 3.7 per cent.

Figure 4

Ontario's tax revenue as a share of economic bases compared to the average of other provinces in 2022



Note: The economic bases of personal income tax, corporations tax and sales tax revenues are labour income (total compensation of employees), corporate profits (net operating surplus of corporations) and household spending (household final consumption expenditure), respectively. All other tax revenue is compared against overall economic activity as measured by GDP.

Sources: Statistics Canada Tables [10-10-0017-01](#), [36-10-0221-01](#), [36-10-0222-01](#), [10-10-0019-01](#) and FAO.

Although these shares vary over time, since 2008 Ontario's tax revenues as shares of their economic base for personal income tax and all other tax revenue have generally been below the average in the rest of Canada, while corporations tax and sales tax shares have generally been above the average in the rest of Canada.

⁴ In the provincial economic accounts, labour income corresponds to total compensation of employees, corporate profits to net operating surplus of corporations and household spending to household final consumption expenditure.

⁵ The actual tax bases for personal income tax and corporations tax are personal taxable income and corporate taxable income, respectively. These tax bases were not available for 2022 at the time of this report's publication. The actual tax base for sales tax includes household spending in addition to taxes generated on expenditures from residential construction, businesses and governments. For simplicity, only household consumption is shown.

⁶ Because there are many different bases for all other tax revenue, this category is compared against overall economic activity measured by GDP.

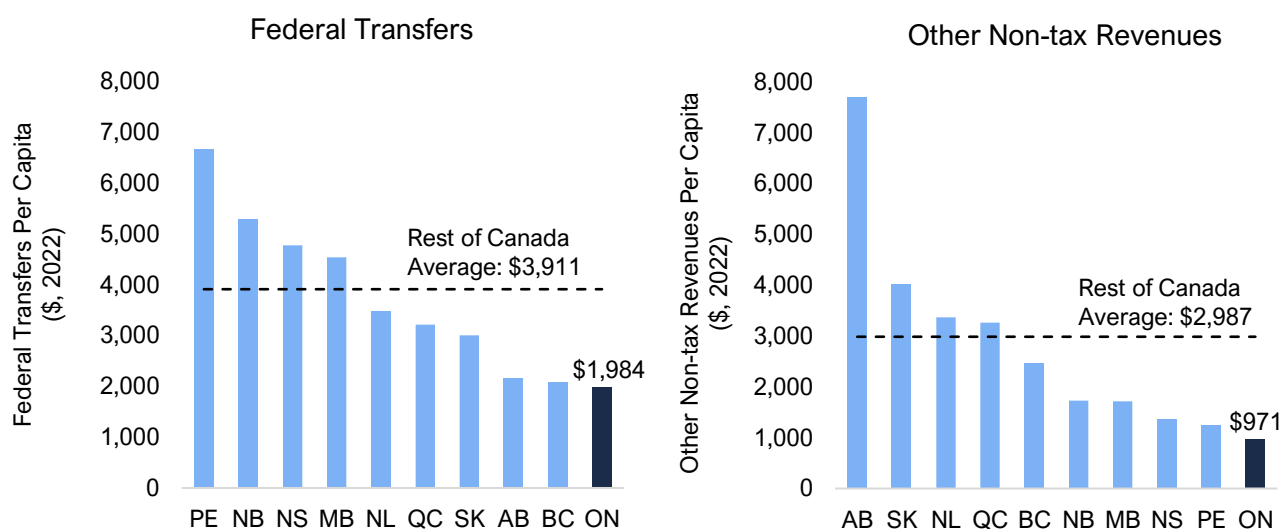
Federal transfers and other non-tax revenues

Provincial governments receive transfers from the federal government through the Canada Health Transfer, Canada Social Transfer, the Equalization Program and other federal transfer programs, including those for infrastructure and labour market programs. In 2022, Ontario received \$1,984 per capita in federal transfers, the lowest among the provinces and \$1,927 (49.3 per cent) below the rest of Canada average (\$3,911). Ontario's lower federal transfers in 2022 reflect its lack of Equalization Program payments⁷ and its below-average revenue from other federal transfer programs.⁸

Provinces also collect revenues from other non-tax sources,⁹ such as resource royalties, service fees, fines and penalties, among others. Ontario collected the lowest amount of other non-tax revenues in the country (\$971 per capita in Ontario versus the \$2,987 average in the rest of Canada), largely reflecting its limited resource royalties¹⁰ and lower revenues generated from the Province's ownership of assets and from the sale of goods and services.¹¹

Figure 5

Ontario had the lowest federal transfers and other non-tax revenues per capita in 2022



Sources: Statistics Canada Tables [10-10-0017-01](#), [17-10-0005-01](#), [10-10-0019-01](#) and FAO.

⁷ Equalization payments are determined by a province's fiscal capacity to raise revenues through five broad revenue categories: personal income taxes, business taxes, consumption taxes, property taxes and natural resource revenues. As of 2022-23, Ontario has received Equalization payments in only 10 years since the program's inception in 1957.

⁸ Other federal transfers were much lower in Ontario on a per capita basis (\$414) compared to the rest of Canada average (\$1,011). The FAO calculates other federal transfers in this report by subtracting the Canada Health Transfer, Canada Social Transfer and the Equalization Program (see [Major Federal Transfers](#)) from total transfers published in the GFS.

⁹ The FAO calculates 'other non-tax revenues' in this report as the sum of the Social Contributions and Other Revenue categories in the GFS. These items comprise revenue from social security contributions, resource royalties, the ownership of assets, in addition to revenue generated from the sales of goods and services (including services fees), fines and penalties, and voluntary transfers as well as other miscellaneous revenues. For more information on GFS categories, see the [Government Financial Statistics Manual 2014](#).

¹⁰ In 2022, Ontario collected \$20 in resource revenues per capita, well below the rest of Canada average of \$1,169.

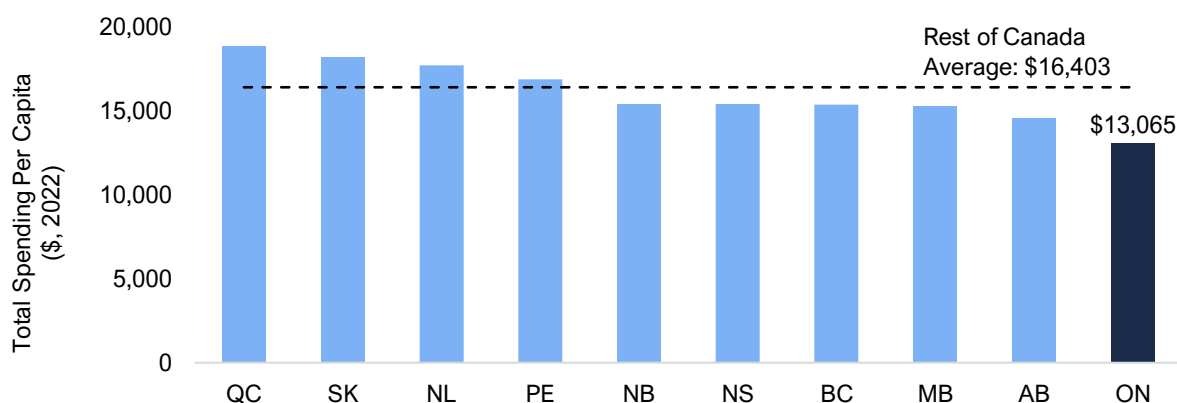
¹¹ Ontario's ownership of assets generated \$154 in revenue per capita, below the average of \$537 generated in the rest of Canada. The sale of goods and services generated \$462 per capita in Ontario, lower than the rest of Canada average of \$734.

Spending

Canadian provinces' spending includes expenditures on programs and interest on debt payments. In 2022, total spending per capita in Ontario was \$13,065, the lowest among the provinces and \$3,338 (20.4 per cent) lower than the rest of Canada average (\$16,403). Ontario's relatively low level of total spending reflects its low program spending per capita and below-average interest on debt payments. Since 2008, Ontario's spending per capita has consistently ranked at or near the lowest among the provinces.

Figure 6

Ontario's total spending per capita was the lowest in Canada in 2022



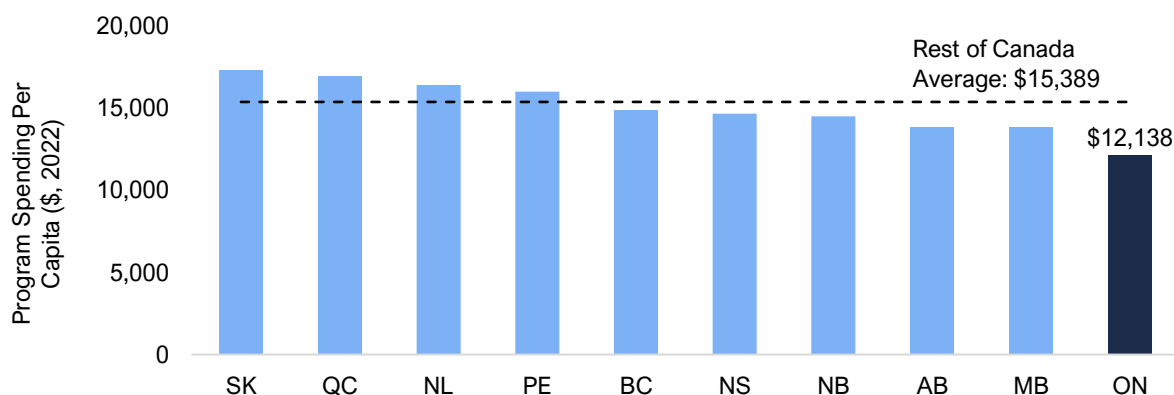
Sources: Statistics Canada Tables [10-10-0017-01](#), [17-10-0005-01](#), [10-10-0019-01](#) and FAO.

Program spending

In 2022, program spending per capita in Ontario was \$12,138, the lowest among the provinces and \$3,251 (21.1 per cent) lower than the rest of Canada average (\$15,389). Since 2008, Ontario's program spending per capita has consistently ranked at or near the lowest among the provinces. Examining the causes of differences in rankings between provinces is beyond the scope of this report, but could reflect differences in economies of scale, the quality or quantity of services provided and the provinces' different age structures, among other factors.

Figure 7

Ontario's program spending per capita was the lowest in Canada in 2022



Sources: Statistics Canada Tables [10-10-0017-01](#), [17-10-0005-01](#), [10-10-0019-01](#) and FAO.

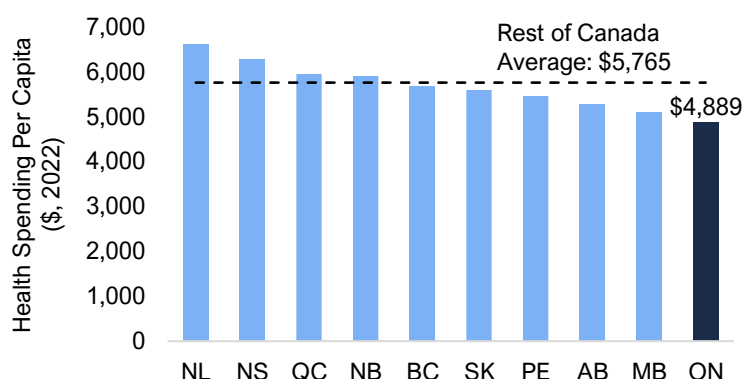
Ontario's low level of program spending results from lower-than-average health and all other program spending, which outweighs above-average per capita spending on education.

Health

- Health spending includes hospital and outpatient services, medical products and equipment, and public health services, among others.
- Health spending per capita in Ontario was \$4,889 in 2022, the lowest in Canada and \$876 (15.2 per cent) below the average of the other provinces.
- Since 2008, Ontario's health spending per capita has consistently ranked at or near the lowest in Canada.

Figure 8

Health spending in 2022



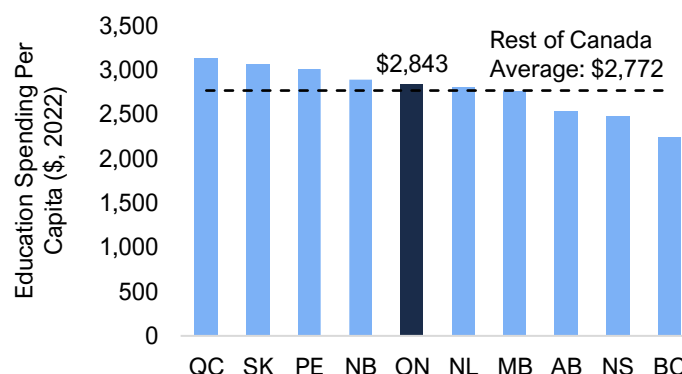
Sources: Statistics Canada Tables [10-10-0024-01](#), [17-10-0005-01](#) and FAO.

Education

- Education spending includes primary, secondary and postsecondary expenses, among others.
- Education spending in Ontario was \$2,843 per capita in 2022, the fifth highest among the provinces and \$71 (2.6 per cent) above the average of the other provinces.
- Since 2010, Ontario has consistently had above-average education spending.

Figure 9

Education spending in 2022



Note: Education spending includes primary, secondary and postsecondary expenses, among others.

Sources: Statistics Canada Tables [10-10-0024-01](#), [17-10-0005-01](#), [10-10-0019-01](#) and FAO.

All other program spending

- All other program spending includes expenses for police services, prisons, transportation, housing, old age, unemployment, sickness and disability, and children services, among others.
- All other program spending per capita in Ontario was \$4,406 in 2022, the lowest among the provinces and \$2,446 (35.7 per cent) below the average in the rest of Canada.
- Since 2008, Ontario has consistently spent the lowest or second lowest per capita on all other programs.

Figure 10

All other program spending in 2022



Note: All other program spending is calculated by subtracting health and education expenses from overall program expense.

Sources: Statistics Canada Tables [10-10-0024-01](#), [17-10-0005-01](#), [10-10-0019-01](#) and FAO.

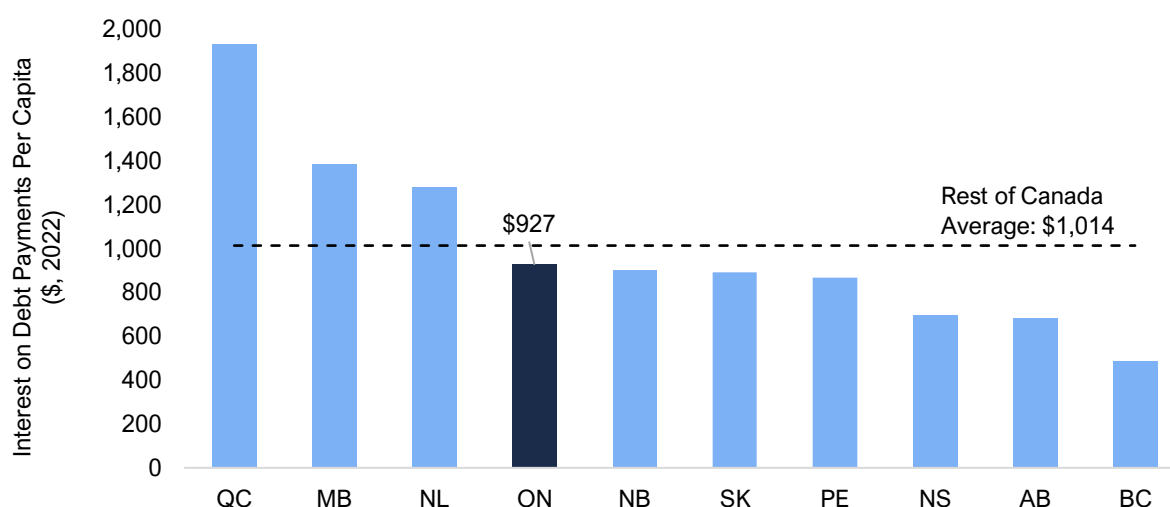
Interest on debt payments

In 2022, interest on debt payments per capita in Ontario were \$927, the fourth highest among the provinces. Over the last five years, Ontario's interest on debt payments per capita have increased at an average annual rate of 1.6 per cent, in line with the increase in the rest of Canada average of 1.5 per cent. However, due to declines in the interest on debt payments per capita of some other provinces, Ontario's ranking has changed from seventh highest in 2017¹² to its current ranking of fourth highest.

Although Ontario is the most highly indebted province, its interest on debt payments per capita of \$927 were \$88 (8.6 per cent) lower than the rest of Canada average (\$1,014). The below-average interest on debt payments per capita reflect Ontario's lower-than-average borrowing rates compared to the other provinces (see discussion below for more information on net debt and effective interest rates).

Figure 11

Ontario's interest on debt payments per capita below the average of other provinces in 2022



Sources: Statistics Canada Tables [10-10-0017-01](#), [17-10-0005-01](#) and FAO.

¹² Ontario's interest on debt payments per capita ranked seventh highest among the provinces for the 2009 to 2017 period.

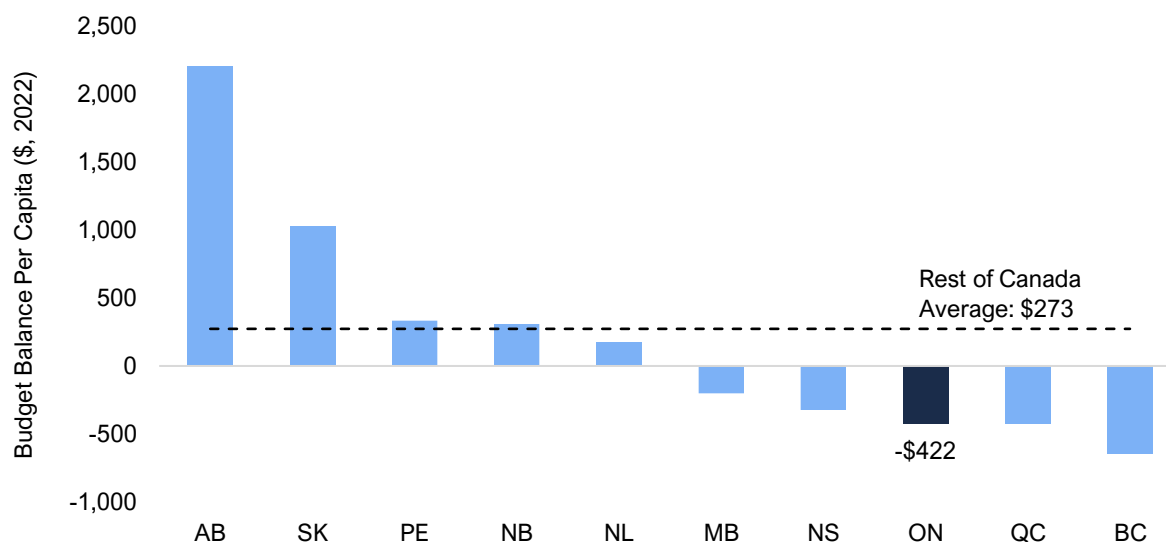
Budget Balance

According to the GFS, Ontario recorded a budget deficit of \$422 per person in 2022, the third largest deficit among the provinces. British Columbia, Quebec, Nova Scotia and Manitoba also had deficits, while the remaining provinces recorded surpluses.

Excluding Ontario, the average budget position of the other provinces was a \$273 per capita surplus¹³ in 2022, a difference of \$695 from Ontario's \$422 per capita deficit. Since 2009, Ontario has generally had larger per capita deficits than the rest of Canada, except for the 2015 to 2017 period.¹⁴

Figure 12

Ontario's budget position was below the average of other provinces in 2022



Sources: Statistics Canada Tables [10-10-0017-01](#), [17-10-0005-01](#) and FAO.

¹³ The per capita surplus among the average of the rest of Canada was largely driven by Alberta which had a surplus per capita of \$2,208 in 2022. Removing Alberta from the rest of Canada average results in a budget surplus of \$32 per capita.

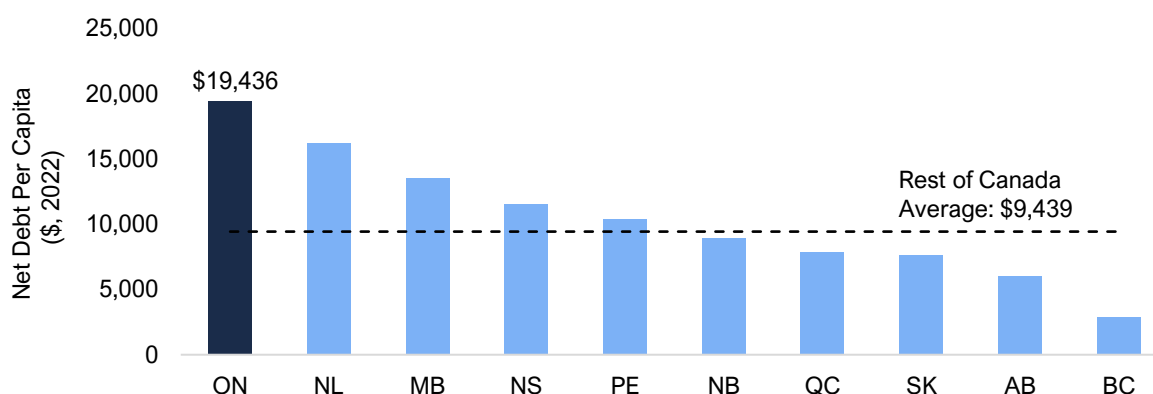
¹⁴ During 2015 to 2017, Ontario recorded budget deficits that were smaller than the average deficit recorded in the rest of Canada.

Net Debt

Ontario's net debt per capita was \$19,436 in 2022, the highest among the provinces and \$9,997 (105.9 per cent) above the rest of Canada average (\$9,439). Apart from 2008, Ontario has consistently had the highest or second highest net debt per capita. Ontario's relatively high net debt levels compared to other provinces reflect its frequent budget deficits, which have typically been larger than the average budget deficit in the rest of Canada.

Figure 13

Ontario's net debt per capita above the rest of Canada average in 2022

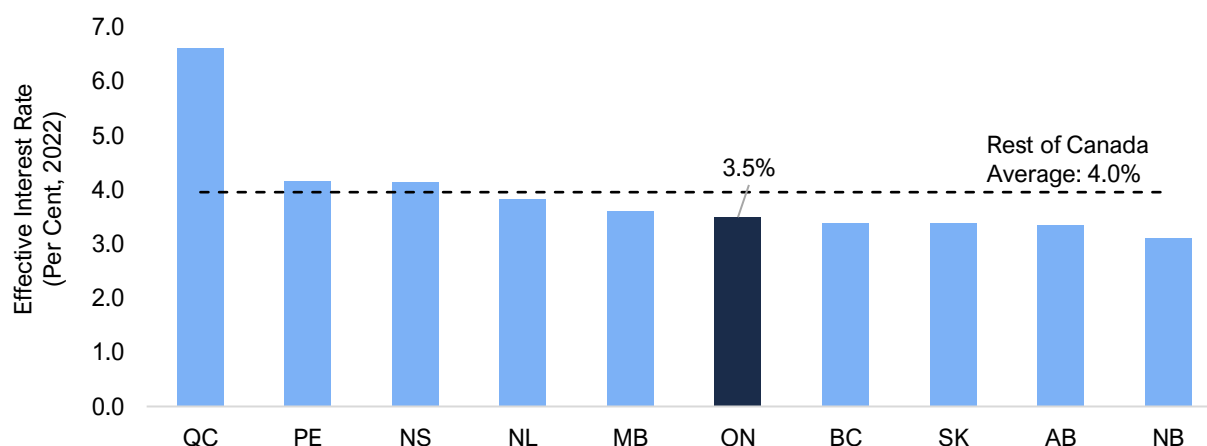


Sources: Statistics Canada Tables [10-10-0017-01](#), [17-10-0005-01](#), [36-10-0222-01](#) and FAO.

Despite Ontario's relatively higher debt levels, interest on debt payments are partially mitigated by the Province's below-average borrowing rates. Ontario's effective interest rate on debt¹⁵ was 3.5 per cent in 2022, below the 4.0 per cent average effective interest rate of the other provinces.¹⁶

Figure 14

Ontario's effective interest rate on debt was below the rest of Canada average in 2022



Sources: Statistics Canada Tables [10-10-0017-01](#) and FAO.

¹⁵ The effective interest rate is calculated as total interest paid divided by gross debt. Gross debt is calculated as the sum of debt securities and loans in Statistics Canada's GFS Table [10-10-0017-01](#).

¹⁶ Ontario's lower effective interest rate may reflect Ontario's large and diversified economy, high liquidity and debt management program, which are seen as credit strengths that may result in lower borrowing rates. See the FAO's most recent [credit rating report](#) for more discussion on Ontario's credit quality and borrowing rates.

Appendix A – Provincial Government Finance Statistics

The tables in Appendix A reflect financial information published in the provincial GFS tables and presented throughout this report. Adjustments to include school boards' property tax revenue and tuition fees generated by colleges and school boards were also made to better align with how Ontario presents its financial statements. To ensure comparability among provinces, the same adjustments were made to all provinces.

Table A.1
Provincial financial results per capita (\$, 2022)

	NL	PE	NS	NB	QC	ON	MB	SK	AB	BC	Provincial Average	Rest of Canada Average*
Budget Balance	179	335	-324	311	-430	-422	-200	1,026	2,208	-646	204	273
Net Debt	16,195	10,390	11,535	8,902	7,899	19,436	13,574	7,605	6,007	2,847	10,439	9,439
Total Revenue	17,895	17,231	15,065	15,730	18,447	12,643	15,032	19,215	16,762	14,711	16,273	16,676
Taxes	11,050	9,313	8,937	8,711	11,965	9,687	8,784	12,197	6,891	10,163	9,770	9,779
Federal Transfers	3,475	6,669	4,772	5,290	3,216	1,984	4,537	2,998	2,159	2,083	3,718	3,911
Other Non-tax Revenue	3,371	1,249	1,356	1,728	3,266	971	1,711	4,020	7,712	2,465	2,785	2,987
Total Spending	17,718	16,896	15,388	15,418	18,877	13,065	15,232	18,189	14,554	15,357	16,070	16,403
Program Spending	16,437	16,029	14,689	14,518	16,943	12,138	13,847	17,295	13,871	14,870	15,064	15,389
Health**	6,605	5,461	6,291	5,906	5,953	4,889	5,117	5,596	5,279	5,675	5,677	5,765
Education**	2,804	3,014	2,479	2,895	3,136	2,843	2,766	3,071	2,536	2,247	2,779	2,772
All Other Program Spending**	7,028	7,554	5,919	5,718	7,855	4,406	5,965	8,628	6,056	6,948	6,608	6,852
Interest on Debt Payments	1,281	867	699	900	1,934	927	1,385	894	683	487	1,006	1,014

* Rest of Canada average includes all provinces except Ontario.

** Health and Education spending is calculated from Statistics Canada's Table [10-10-0024-01](#) (Canadian classification of functions of government estimates) and then subtracted from total Program Spending to calculate All Other Program Spending.

Note: Adjustments to include school boards' property tax revenue and tuition fees generated by colleges and school boards were also made to better align with how Ontario presents its financial statements. To ensure comparability among provinces, the same adjustments were made to all provinces.

Sources: Statistics Canada Tables [10-10-0017-01](#), [17-10-0005-01](#), [10-10-0024-01](#), [10-10-0019-01](#) and FAO.

Table A.2
Provincial financial results as a share of GDP (Per Cent, 2022)

	NL	PE	NS	NB	QC	ON	MB	SK	AB	BC	Provincial Average	Rest of Canada Average*
Budget Balance	0.2	0.6	-0.6	0.6	-0.7	-0.6	-0.3	1.1	2.2	-0.9	0.2	0.2
Net Debt	21.1	18.5	21.8	16.2	12.6	28.1	22.2	7.8	5.9	3.9	15.8	14.4
Total Revenue	23.4	30.7	28.4	28.6	29.3	18.3	24.6	19.8	16.5	19.9	23.9	24.6
Taxes	14.4	16.6	16.9	15.8	19.0	14.0	14.3	12.6	6.8	13.8	14.4	14.5
Federal Transfers	4.5	11.9	9.0	9.6	5.1	2.9	7.4	3.1	2.1	2.8	5.8	6.2
Other Non-tax Revenue	4.4	2.2	2.6	3.1	5.2	1.4	2.8	4.1	7.6	3.3	3.7	3.9
Total Spending	23.1	30.1	29.0	28.0	30.0	18.9	24.9	18.7	14.3	20.8	23.8	24.3
Program Spending	21.5	28.6	27.7	26.4	26.9	17.5	22.6	17.8	13.6	20.2	22.3	22.8
Health**	8.6	9.7	11.9	10.7	9.5	7.1	8.4	5.8	5.2	7.7	8.4	8.6
Education**	3.7	5.4	4.7	5.3	5.0	4.1	4.5	3.2	2.5	3.0	4.1	4.1
All Other Program Spending**	9.2	13.5	11.2	10.4	12.5	6.4	9.7	8.9	5.9	9.4	9.7	10.1
Interest on Debt Payments	1.7	1.5	1.3	1.6	3.1	1.3	2.3	0.9	0.7	0.7	1.5	1.5

* Rest of Canada average includes all provinces except Ontario.

** Health and Education spending is calculated from Statistics Canada's Table 10-10-0024-01 (Canadian classification of functions of government estimates) and then subtracted from total Program Spending to calculate All Other Program Spending.

Note: Adjustments to include school boards' property tax revenue and tuition fees generated by colleges and school boards were also made to better align with how Ontario presents its financial statements. To ensure comparability among provinces, the same adjustments were made to all provinces.

Sources: Statistics Canada Tables 10-10-0017-01, 10-10-0024-01, 36-10-0222-01, 10-10-0019-01 and FAO.

Table A.3
Provincial tax revenue as a share of economic base (Per Cent, 2022)

	NL	PE	NS	NB	QC	ON	MB	SK	AB	BC	Provincial Average	Rest of Canada Average*
Personal Income Tax	11.8	12.2	14.2	10.4	14.4	8.7	10.6	8.8	7.7	9.2	10.8	11.0
Corporations Tax	14.4	13.5	31.6	19.6	18.4	20.2	11.3	10.7	6.2	19.2	16.5	16.1
Sales Tax	7.9	7.6	7.0	6.6	7.7	6.6	5.3	6.5	0.0	4.3	5.9	5.9
All Other Taxes	2.9	4.4	2.6	4.0	4.6	3.3	4.7	3.8	1.9	4.3	3.7	3.7

* Rest of Canada average includes all provinces except Ontario.

Note: Economic bases of personal income tax, corporations tax and sales tax are labour income (total compensation of employees), corporate profits (net operating surplus of corporations) and household spending (household final consumption expenditure), respectively. While these economic bases are not complete measures of the actual tax base upon which tax revenues are generated, they can be used as proxies to evaluate each province on a common basis. As there are many different bases for all other tax revenue, this category is compared against overall economic activity measured by GDP.

Sources: Statistics Canada Tables 10-10-0017-01, 36-10-0221-01, 36-10-0222-01, 10-10-0019-01 and FAO.

Appendix B – Combined Provincial and Municipal Government Finance Statistics

The tables in Appendix B present the provincial financial results in Appendix A combined with the financial results of municipal and local governments, health and social service institutions, school boards, colleges and universities, among others.

Table B.1

Combined provincial and municipal financial results per capita (\$, 2022)

	NL	PE	NS	NB	QC	ON	MB	SK	AB	BC	Provincial Average	Rest of Canada Average*
Budget Balance	-105	1,232	672	-363	-235	-115	-723	1,133	1,702	1,025	422	482
Net Debt	17,664	10,539	9,255	8,472	15,674	17,961	15,197	5,802	5,373	-1,144	10,479	9,648
Total Revenue	20,509	19,212	18,790	18,022	21,022	17,045	17,868	22,959	20,625	19,144	19,520	19,794
Taxes	12,023	9,767	10,439	9,699	13,358	11,699	9,817	13,555	8,999	11,905	11,126	11,063
Federal Transfers	3,621	6,896	4,978	5,400	3,347	2,176	4,699	3,360	2,302	2,224	3,900	4,092
Other Non-tax Revenue	4,865	2,548	3,372	2,923	4,317	3,171	3,352	6,043	9,324	5,014	4,493	4,640
Total Spending	20,614	17,980	18,119	18,385	21,256	17,160	18,592	21,826	18,924	18,119	19,097	19,313
Program Spending	19,265	17,053	17,415	17,466	19,291	16,129	17,098	20,895	18,348	17,570	18,053	18,267
Health**	7,143	5,383	7,001	6,869	6,148	5,379	6,319	5,837	5,538	5,859	6,147	6,233
Education**	2,842	3,260	3,101	3,134	2,674	2,987	2,869	3,508	3,013	2,483	2,987	2,987
All Other Program Spending**	9,280	8,410	7,313	7,463	10,469	7,763	7,910	11,550	9,797	9,228	8,918	9,047
Interest on Debt Payments	1,349	927	704	919	1,965	1,031	1,494	931	575	549	1,045	1,046

Table B.2

Combined provincial and municipal financial results as a share of GDP (Per Cent, 2022)

	NL	PE	NS	NB	QC	ON	MB	SK	AB	BC	Provincial Average	Rest of Canada Average*
Budget Balance	-0.1	2.2	1.3	-0.7	-0.4	-0.2	-1.2	1.2	1.7	1.4	0.5	0.6
Net Debt	23.1	18.8	17.5	15.4	24.9	25.9	24.8	6.0	5.3	-1.6	16.0	14.9
Total Revenue	26.8	34.3	35.4	32.8	33.4	24.6	29.2	23.6	20.3	25.9	28.6	29.1
Taxes	15.7	17.4	19.7	17.6	21.2	16.9	16.0	14.0	8.8	16.1	16.4	16.3
Federal Transfers	4.7	12.3	9.4	9.8	5.3	3.1	7.7	3.5	2.3	3.0	6.1	6.4
Other Non-tax Revenue	6.4	4.5	6.4	5.3	6.9	4.6	5.5	6.2	9.2	6.8	6.2	6.3
Total Spending	26.9	32.1	34.2	33.4	33.8	24.8	30.4	22.5	18.6	24.6	28.1	28.5
Program Spending	25.1	30.4	32.8	31.8	30.7	23.3	27.9	21.5	18.0	23.8	26.5	26.9
Health**	9.3	9.6	13.2	12.5	9.8	7.8	10.3	6.0	5.4	7.9	9.2	9.3
Education**	3.7	5.8	5.8	5.7	4.3	4.3	4.7	3.6	3.0	3.4	4.4	4.4
All Other Program Spending**	12.1	15.0	13.8	13.6	16.6	11.2	12.9	11.9	9.6	12.5	12.9	13.1
Interest on Debt Payments	1.8	1.7	1.3	1.7	3.1	1.5	2.4	1.0	0.6	0.7	1.6	1.6

* Rest of Canada average includes all provinces except Ontario.

** Health and Education spending is calculated from Statistics Canada's Table 10-10-0005-01 (Canadian classification of functions of government estimates) and then subtracted from Program Spending to calculate All Other Program Spending.

Sources: Statistics Canada Tables 10-10-0147-01, 17-10-0005-01, 10-10-0005-01, 36-10-0222-01 and FAO.

About this Document

Established by the *Financial Accountability Officer Act, 2013*, the Financial Accountability Office of Ontario (FAO) provides independent analysis on the state of the Province's finances, trends in the provincial economy and related matters important to the Legislative Assembly of Ontario.

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TAB 79



Spring 2023

Economic and Budget Outlook



FAO
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About this document

Established by the *Financial Accountability Officer Act, 2013*, the Financial Accountability Office (FAO) provides independent analysis on the state of the Province's finances, trends in the provincial economy and related matters important to the Legislative Assembly of Ontario.

This report was prepared by Zohra Jamasi, Jay Park, Nicolas Rhodes and Matthew Stephenson, under the direction of Paul Lewis, Edward Crummey and Luan Ngo. Ben Segel-Brown, Michelle Gordon, Matthew Gurnham and Ava Rahbari contributed to this report.

The content of this report is based on information available to May 19, 2023. Background data used in this report are available upon request.

In keeping with the FAO's mandate to provide the Legislative Assembly of Ontario with independent economic and financial analysis, this report makes no policy recommendations.



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1. Summary

This Economic and Budget Outlook report provides the FAO's projection of the Ontario government's fiscal position over the 2022-23 to 2027-28 period. The report also compares the FAO's budget outlook to the government's plan presented in the 2023 Ontario Budget from 2022-23 to 2025-26 and describes the FAO's updated economic outlook. The FAO's revenue and program spending projections are based on current and announced government policies.

Ontario's economic growth to slow

Ontario's economy rebounded rapidly from the pandemic, with real GDP rising by 5.2 per cent in 2021 and 3.7 per cent in 2022. Elevated inflation, high interest rates and a weaker global environment are expected to slow Ontario's economic growth to 0.8 per cent in 2023, before recovering to average annual growth of 2.0 per cent over the rest of the outlook.

Revenue growth to moderate, while FAO outlook is below the 2023 budget projection

Strong revenue growth of 6.5 per cent is projected in 2022-23, following the exceptional 12.2 per cent increase in 2021-22. Weakening economic activity will moderate revenue growth to 2.0 per cent in 2023-24, before it recovers close to historical average rates over the rest of the outlook. The FAO's revenue forecast is \$3.4 billion lower than the government's outlook in 2022-23, and \$4.2 billion lower by 2025-26 due to the FAO's less optimistic projection of inflation-driven revenue increases in the near term.

Program spending outlook below government forecast

The FAO projects that the Province will spend \$183.6 billion on programs in 2022-23, an increase of \$13.2 billion (7.7 per cent) from the previous year. From 2022-23 to 2025-26, the government's spending plan is \$5.6 billion higher on average in each year compared to the FAO's projection. This results in a cumulative \$22.6 billion in excess funds that the FAO estimates are not required to support the cost of current programs and announced commitments. The \$22.6 billion in excess funds is an increase of \$10.8 billion from the FAO's Winter EBO and reflects new funding added by the Province in the 2023 Ontario Budget.

Going forward, the Province could use the \$22.6 billion in excess funds to introduce new programs, enhance existing programs or address spending pressures that could materialize. Alternatively, if the Province decides not to use the \$22.6 billion in excess funds, then these funds would be applied to improve the budget balance and reduce the Province's net debt.

Growing budget surpluses projected over the outlook

The FAO projects a budgetary surplus of \$0.5 billion in 2022-23, compared to the 2023 budget's projected \$2.2 billion deficit. Rising budget surpluses are expected over the outlook, as revenue growth exceeds program spending increases. By 2025-26, the FAO projects a \$10.6 billion surplus compared to the government's \$4.4 billion surplus.

Budget surpluses would improve Ontario's fiscal sustainability

If these projected surpluses were used to pay down public debt, Ontario's debt burden (as measured by the net debt-to-GDP ratio) would decline for an unprecedented seven consecutive years to 31.8 per cent by 2027-28, and the lowest ratio since 2008-09. The interest on debt-to-revenue ratio, a measure of budget flexibility, is projected to decline to a record low of 5.5 per cent by 2027-28, indicating the government will have a larger share of revenues available for program spending.

2. Budget and Debt Outlook

FAO projects growing budget surpluses

Following a budget surplus of \$2.1 billion in 2021-22, the FAO projects that Ontario will post a \$0.5 billion surplus in 2022-23. The FAO expects improving budget surpluses over the outlook, growing from \$3.0 billion in 2023-24 to \$16.4 billion in 2027-28, as revenue growth is projected to outpace growth in spending under current government policies and announced commitments.

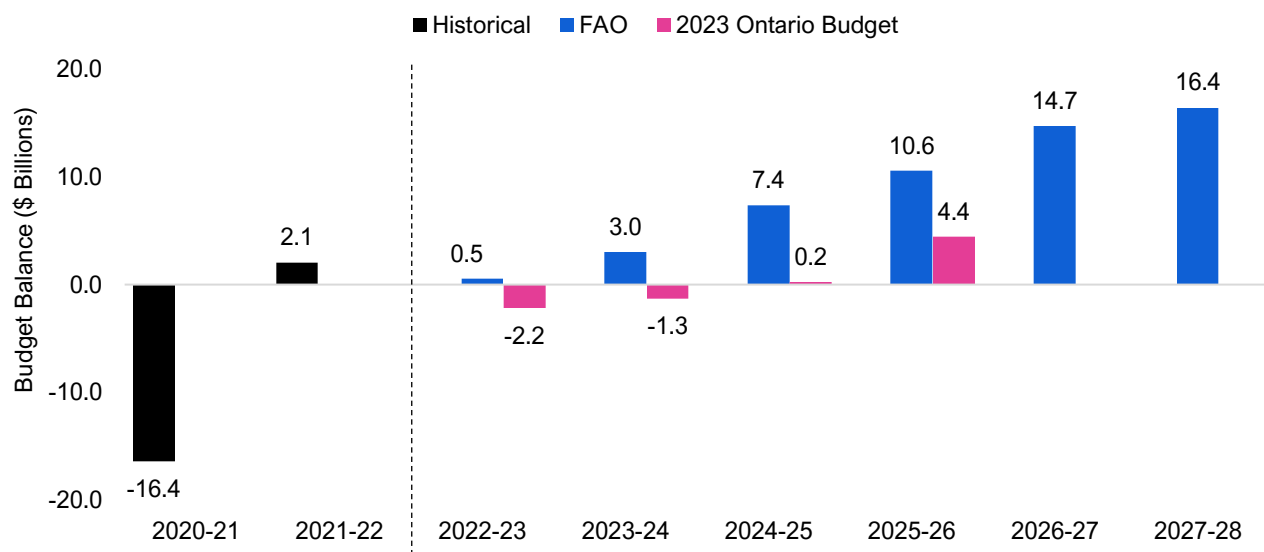
The FAO's projection of a budget surplus in 2022-23 contrasts with the government's \$2.2 billion deficit projection in the 2023 Ontario Budget. The FAO's \$2.7 billion higher projected budget balance compared to the government's is comprised of:

- \$5.5 billion lower program spending;
- \$3.4 billion lower revenue; and
- \$0.5 billion lower debt-interest payments.

By 2025-26, the last year of the 2023 budget outlook, the government projects a \$4.4 billion budget surplus. In contrast, the FAO expects Ontario to record a surplus of \$10.6 billion.

Figure 2.1

FAO projects growing budget surpluses over the outlook



Note: The budget balance from the 2023 Ontario Budget is shown after the reserve.

Source: Ontario Public Accounts, 2023 Ontario Budget and FAO.

However, if the government makes future policy announcements, such as new tax cuts, spending initiatives or a combination of both, the FAO's budget projection would deteriorate. The FAO's economic and budget outlook also faces significant risks – see Chapter 6 for a discussion.

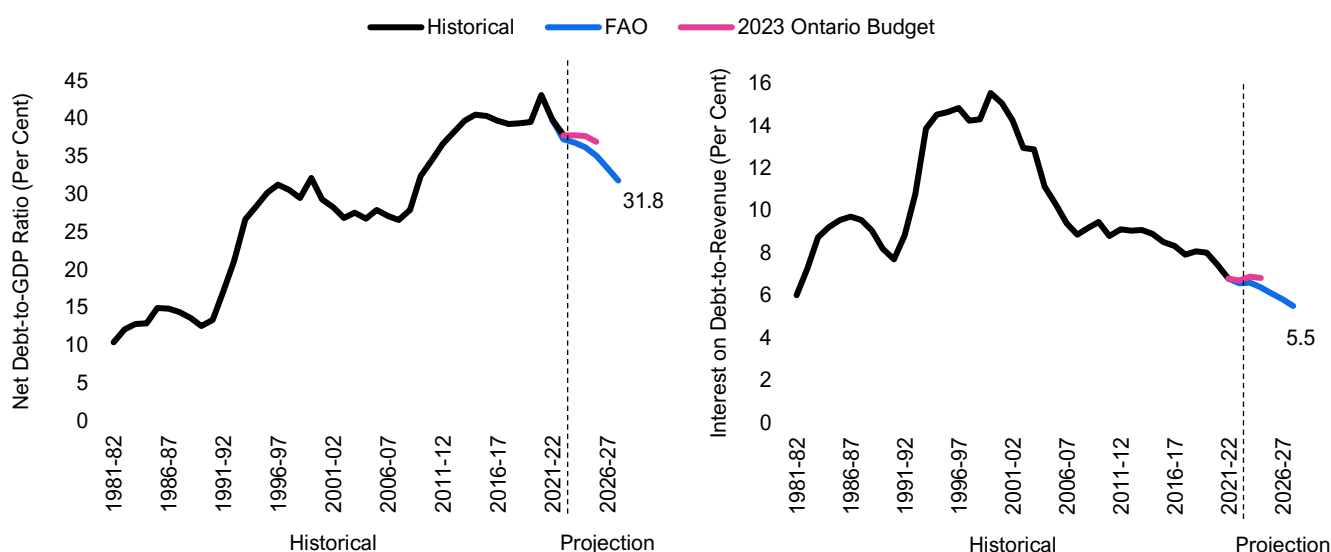
Budget surpluses would improve Ontario's fiscal sustainability indicators

Net debt as a share of GDP is a fiscal sustainability indicator that provides information on the ability of the government to raise funds to service its debt obligations.¹ The Province's net debt-to-GDP ratio is projected to decline from 39.8 per cent in 2021-22 to 35.0 per cent in 2025-26, 1.9 percentage points below the government's projection in the 2023 budget. With the economy expected to grow faster than the increase in debt, the FAO projects the net debt-to-GDP ratio to decline to 31.8 per cent by 2027-28 – the lowest ratio since 2008-09 and well below the government's target of 40.0 per cent.²

The ratio of interest on debt-to-revenue is a fiscal sustainability indicator of budgetary flexibility – a higher ratio indicates that the government has a smaller share of revenue available to spend on key programs such as health care or education. Ontario's debt interest payments as a share of revenues are projected to decline from 6.8 per cent in 2021-22 to 6.1 per cent in 2025-26, below the government's projection of 6.7 per cent. By 2027-28, this ratio is projected to fall to 5.5 per cent – the lowest share on record going back to the early 1980s. Despite higher interest rates,³ the projection for interest on debt as a share of revenues is expected to remain below the government's target of 7.5 per cent in the medium term.⁴

Figure 2.2

Ontario's fiscal sustainability indicators to improve and remain below government targets



Source: Ontario Public Accounts, 2023 Ontario Budget and FAO.

¹ For more information on fiscal sustainability indicators, see the FAO's [Long-term Budget Outlook: Assessing Ontario's Fiscal Sustainability: 2021-2050](#) report.

² The 2023 Ontario Budget updated the target for the net debt-to-GDP ratio to stay below 40 per cent, compared to a target of 42 per cent in the 2022 Ontario Budget. See 2023 Ontario Budget, page 173.

³ The impact of rising rates on interest on debt payments is mitigated in part by the term structure of Ontario's debt, which in 2022-23 had an average term to maturity of 11.1 years. See 2023 Ontario Budget, page 171.

⁴ The 2023 Ontario Budget updated the target for the interest on debt-to-revenue ratio to stay below 7.5 per cent, compared to a target of 8 per cent in the 2022 Ontario Budget. See 2023 Ontario Budget, page 173.

3. Revenue Outlook

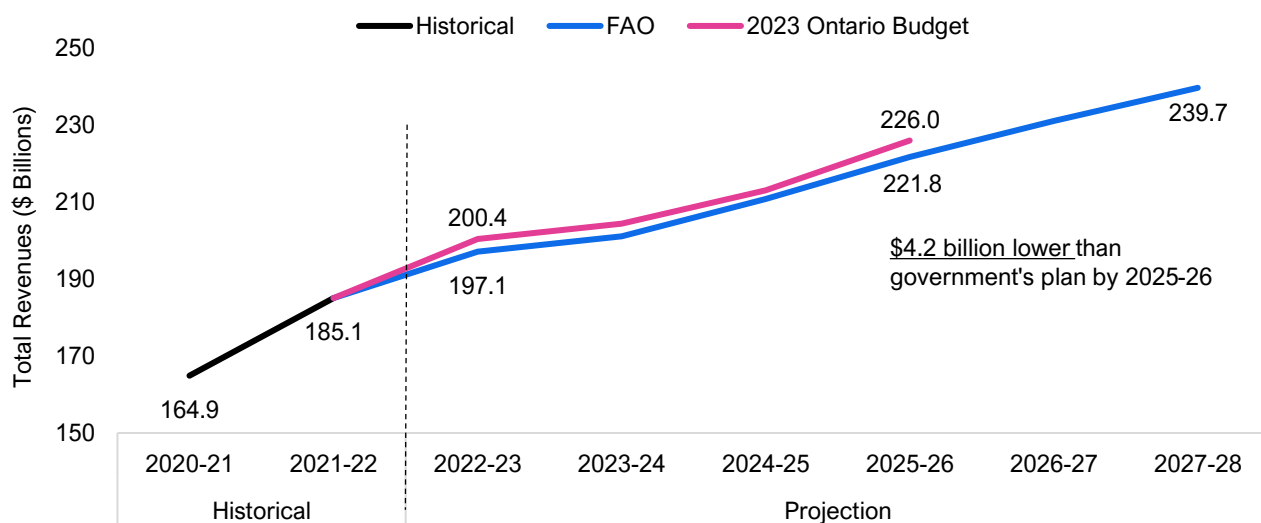
FAO projects weak revenue growth in 2023-24

Following a historically strong revenue increase of 12.2 per cent (+\$20.2 billion) in 2021-22, total revenue growth is projected to moderate to 6.5 per cent (+\$12.0 billion) in 2022-23, easing further to 2.0 per cent (+\$4.0 billion) in 2023-24. The slowdown in revenue growth over this period reflects weaker economic growth as labour income gains moderate and corporate profits decline, the loss of one-time revenue, and the impact of previously announced measures.⁵ Over the entire outlook, total revenue is projected to grow by an average annual rate of 4.4 per cent as the economy recovers to trend growth in the out-years.⁶

FAO's revenue projection is lower than the government's

The FAO's revenue projection is lower than the 2023 Ontario Budget outlook – \$3.4 billion lower in 2022-23 and growing to a gap of \$4.2 billion by 2025-26. Tax revenues make up almost all of the difference between the FAO outlook compared to the government's projection.

Figure 3.1
 Revenue growth to moderate after post-pandemic surge



Source: Ontario Public Accounts, 2023 Ontario Budget and FAO.

The FAO's lower revenue outlook compared to the government's is due to different assumptions on how the relationships between tax revenue and economic drivers behave in the current high inflation economic environment. These assumptions largely impact personal income tax and corporations tax revenues.

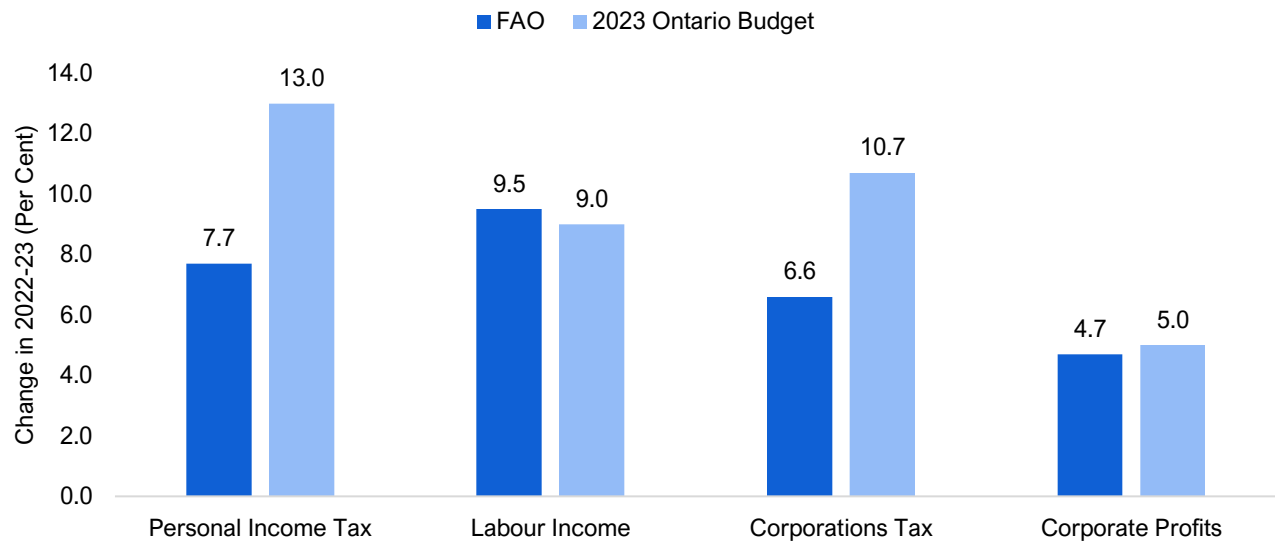
- Labour income growth is a key driver of personal income tax. While the FAO and government outlooks for labour income are similar in 2022-23, the FAO expects lower growth in personal income tax of 7.7 per cent in that year compared to the government's 13.0 per cent.
- Similarly, despite having comparable projections for corporate profits in 2022-23, the government expects stronger growth of 10.7 per cent in corporations tax compared to the FAO's 6.6 per cent.

⁵ Loss of one-time revenues include a reduction in time-limited COVID-19 related funding and payments to reflect higher tax assessments in 2021-22 and prior years. Measures that lower total revenue in 2022-23 announced in previous Ontario Budgets and Economic Outlook and Fiscal Reviews include the enhanced Low-income Individuals and Families Tax (LIFT) Credit and the reduction in the Gasoline and Fuel Tax.

⁶ For information on changes to the FAO's revenue projection compared to the Winter EBO, see the appendix.

Figure 3.2

FAO projects a more moderate relationship between tax revenue and economic drivers than the government in 2022-23



Note: Shows growth in labour income and corporate profits in 2022.
Source: 2023 Ontario Budget, Ontario Economic Accounts and FAO.

In the last two fiscal years, revenue growth was stronger than what both the FAO and the government expected.⁷ This was driven in part by elevated inflation, which lifted revenues higher than what the underlying economic activity would suggest. The FAO's current outlook projects that some of this strength will continue into 2022-23, although to a lesser extent than the government's projection. If the inflationary impact on revenues is stronger than assumed by the FAO in 2022-23, this could boost revenues over the entire outlook. Alternatively, the inflationary impact on revenues could be weaker than expected in 2022-23, lowering the outlook.

⁷ For example, total revenue in 2021-22 was \$185.1 billion, or 5.0 per cent higher than the FAO's 2022 spring forecast, and 6.6 per cent higher than forecast in the 2022 Ontario Budget.

4. Program Spending Outlook

FAO's program spending projection is lower than the government's

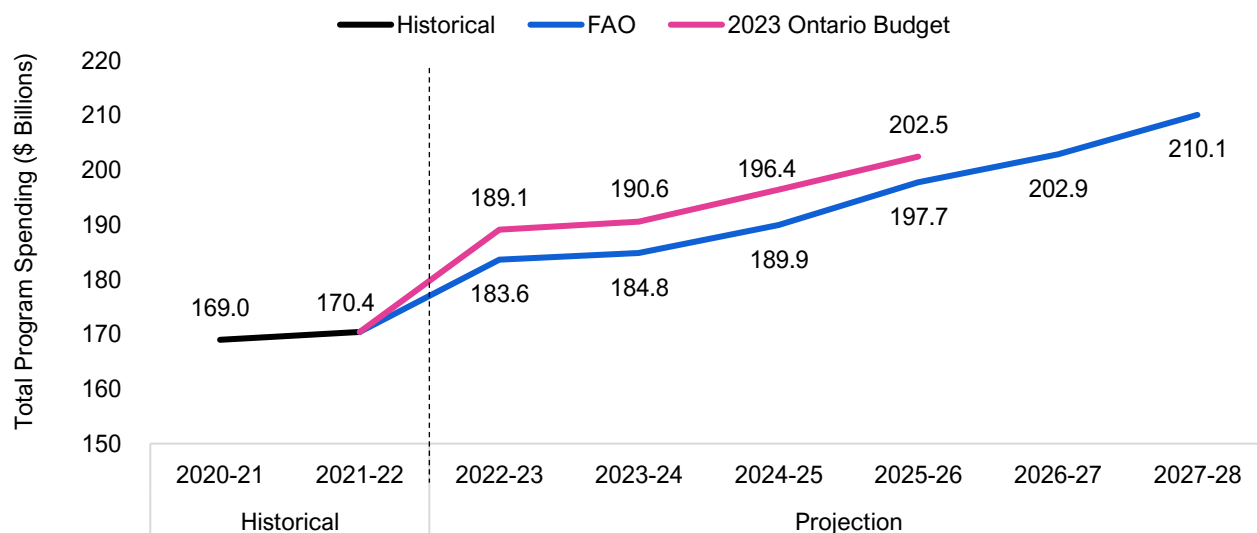
The FAO projects that the Province will spend \$183.6 billion on programs in 2022-23, an increase of \$13.2 billion (7.7 per cent) from the previous year. By 2027-28, the FAO projects program spending will reach \$210.1 billion, with an average annual growth rate of 3.6 per cent over the six-year period from 2021-22.⁸

In contrast, from 2022-23 to 2025-26, the government's spending plan is \$5.6 billion higher on average in each year compared to the FAO's projection. This results in a cumulative \$22.6 billion in excess funds that the FAO estimates are not required to support the cost of current programs and announced commitments.

Going forward, the Province could use the \$22.6 billion in excess funds to introduce new programs, enhance existing programs or address spending pressures that could materialize, such as higher than expected wage settlements (see Chapter 6). Alternatively, if the Province decides not to use the \$22.6 billion in excess funds, then these funds would be applied to improve the budget balance and reduce the Province's net debt.

Figure 4.1

FAO's program spending projection is lower than the government's through 2025-26



Source: FAO analysis of the 2023 Ontario Budget and information provided by the Ministry of Finance.

Health and 'other programs' sectors account for most of the excess funds

By sector, the FAO projects that there are excess funds in health (net \$4.4 billion over four years), postsecondary education (\$1.1 billion) and 'other programs' (\$17.9 billion). The significant excess funds in the 'other programs' sector is largely due to the contingency fund, which is typically used to fund new programs, enhance existing programs or address spending pressures that materialize.⁹ The FAO does not include the government's contingency fund in its program spending forecast as the purpose of the funds have not yet been announced.

⁸ For information on changes to the FAO's spending projection compared to the Winter EBO, see the appendix.

⁹ As of the 2023 Ontario Budget, there was \$1.8 billion remaining in the contingency fund in 2022-23 and \$4.0 billion in 2023-24. For 2024-25 and 2025-26, the Ministry of Finance has asserted that disclosure of the contingency fund balance would reveal a Cabinet record. The FAO has agreed not to disclose Cabinet record information as per paragraph 2(f) of Order in Council 1086/2022.

Of the three remaining sectors, the FAO estimates small funding shortfalls in justice (net \$0.5 billion over four years), children's and social services (\$0.2 billion) and education (\$0.1 billion). These shortfalls mean that the Province has not allocated sufficient funds in these sectors to support the cost of current programs and announced commitments over the four-year period. To address these shortfalls, the Province could use the excess funds identified by the FAO in the other sectors.

Table 4.1

FAO's program spending projection by sector compared to the government's

Sector	Program Spending Difference, Province vs. FAO, \$ millions				
	2022-23	2023-24	2024-25	2025-26	Total
Health	1,304	384	1,835	921	4,444
Education	136	-216	129	-141	-92
Postsecondary Education	233	248	251	321	1,052
Children's and Social Services	278	274	-50	-685	-182
Justice	200	-204	-193	-322	-519
Other Programs*	3,370	5,323	4,525	4,654	17,872
Total Program Spending Difference	5,521	5,809	6,498	4,748	22,575

* Contingency funds are included in the government's other programs forecast but excluded from the FAO's projection as the purpose of the funds have not yet been announced. Contingency funds are typically used to fund new programs, enhance existing programs or address spending pressures that materialize.

Note: Negative values indicate that the Province's spending plan is below the FAO's projection (i.e., a "shortfall"), while positive values indicate that the Province's spending plan is above the FAO's projection (i.e., "excess funds"). Ontario Teachers' Pension Plan (OTPP) expense is included in the education sector.

Source: FAO analysis of the 2023 Ontario Budget and information provided by the Ministry of Finance.

What has changed since the FAO's Winter EBO?

The FAO's estimate that the Province has allocated \$22.6 billion in excess funds over four years, from 2022-23 to 2025-26, is an increase of \$10.8 billion from the FAO's excess funds projection in the Winter EBO. The change is due to the Province adding \$27.8 billion in new funding to the 2023 Ontario Budget spending plan, of which the FAO estimates that:

- \$11.3 billion is for new measures and program changes, including \$6.3 billion in one-time expenses in 2022-23,¹⁰ enhanced funding for the Skills Development Fund, changes to the Guaranteed Annual Income System (GAINS) program,¹¹ funding for the new Ontario Made Manufacturing Investment Tax Credit, and new health sector program changes;¹²
- \$5.7 billion is to fund updated estimates for the cost of current programs and announced commitments, largely in the 'other programs' and postsecondary education sectors; and
- \$10.8 billion is new funding added to the Province's spending plan that is not required to support the cost of current programs and announced commitments.

¹⁰ Includes \$5.0 billion for ongoing land and land-related claims with Indigenous communities and \$1.3 billion for a "one-time investment" under Treasury Board Secretariat (see the 2023 Ontario Budget, p. 153).

¹¹ As proposed in the 2023 Ontario Budget (p. 81), the *Ontario Guaranteed Annual Income Act* was amended to expand eligibility for the GAINS program and also to adjust the benefit annually to inflation.

¹² See, [Ontario Health Sector: 2023 Budget Spending Plan Review](#).

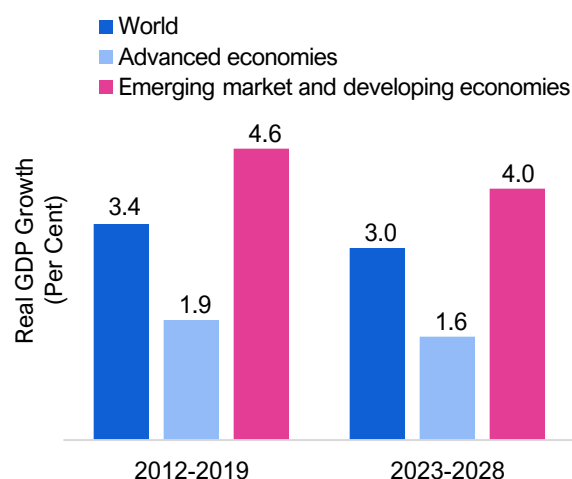
5. Economic Outlook

Short-term global economic outlook remains weak

After the global economy grew by 3.4 per cent in 2022, the International Monetary Fund (IMF) projects that growth will slow to 2.8 per cent in 2023.¹³ Emerging market and developing economies are projected to maintain a similar pace of growth at 3.9 per cent in 2023 compared to 4.0 per cent in 2022, while advanced economies, especially the United Kingdom and the euro area, will experience a sharp slowdown in economic activity due to further tightening of monetary policy.

Risks to the global economic outlook remain skewed to the downside. Elevated inflation has been slow to decline and will likely stay above the target of most central banks for much of 2023. Higher interest rates have exposed financial vulnerabilities, particularly in some US regional commercial banks, resulting in renewed recession concerns, stricter lending standards, and weaker consumer and business confidence. On the upside, the full reopening of China has begun to boost global trade and labour markets have remained tight in advanced economies, supporting wage growth and household spending. By 2024, a mild recovery in economic activity is expected in most countries and the global economy is projected to grow by an average annual rate of 3.0 per cent over the 2023 to 2028 period, slightly slower than the 3.4 per cent average growth observed after the 2007-08 global financial crisis and before the 2020 pandemic.

Figure 5.1
Global economic growth projected to moderate



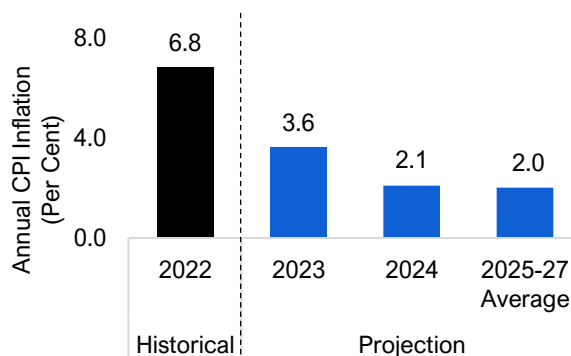
Source: International Monetary Fund.

Ontario outlook: inflation and economic growth to slow

Since peaking at 7.9 per cent in June 2022, Ontario's year-over-year inflation rate has fallen to 4.2 per cent in April 2023. Inflation rates in most categories have declined from their peaks in mid-2022, with inflation in goods falling at a faster rate than services. Among the major CPI product groups, inflation in food prices was the highest at 8.0 per cent, followed by health and personal care (6.3 per cent), and alcohol and tobacco (4.8 per cent).¹⁴

Annual CPI inflation is still expected to remain above historical averages in 2023 at 3.6 per cent and moderate to an average of close to two per cent over the rest of the outlook as the economy fully adjusts to higher interest rates.

Figure 5.2
Ontario's inflation rate projected to moderate gradually over the next two years



Source: Statistics Canada and FAO.

¹³ [World Economic Outlook](#), International Monetary Fund, April 2023.

¹⁴ Year-over-year inflation rates as of April 2023.

In line with most private sector economists, the FAO projects that short-term interest rates will stay above long-term rates in 2023, which has historically indicated the possibility of weak economic growth. As inflation eases closer to the Bank's two per cent target, short-term interest rates are projected to fall below long-term rates by 2025.

Ontario's real GDP growth to slow from historic highs

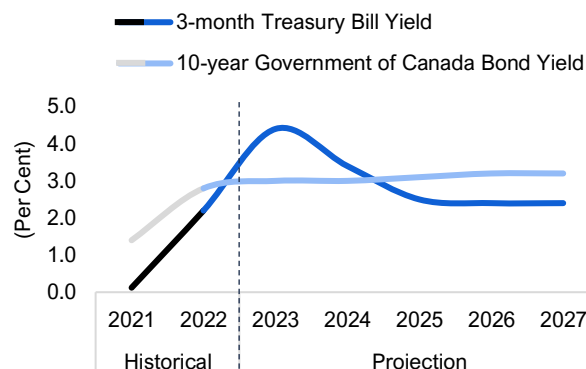
Ontario's real GDP advanced by 3.7 per cent in 2022, following 5.2 per cent growth in 2021, marking the strongest two-year increase in more than 20 years. However, the pace of economic growth moderated throughout 2022, as elevated inflation, rising interest rates and the weaker global environment increasingly weighed on household and business sector activity.

The pace of Ontario's economic growth is projected to slow sharply to 0.8 per cent in 2023, reflecting the impact of higher interest rates on consumer spending and the housing market. Residential investment is projected to decline for the second consecutive year, while high borrowing costs and expectations of weaker sales growth¹⁵ slow business investment.

Economic growth is projected to improve to 1.5 per cent in 2024 and an average of 2.0 per cent over the 2025 to 2027 period as inflation declines and the impact of high interest rates subsides, helping to bolster household spending. Supply chain improvements, new investment in manufacturing plants and recovery in consumer demand in Canada and the United States are expected to support a moderate rebound in Ontario's exports. However, certain risks to the outlook could result in a slower pace of economic growth – see discussion in Chapter 6.

Figure 5.3

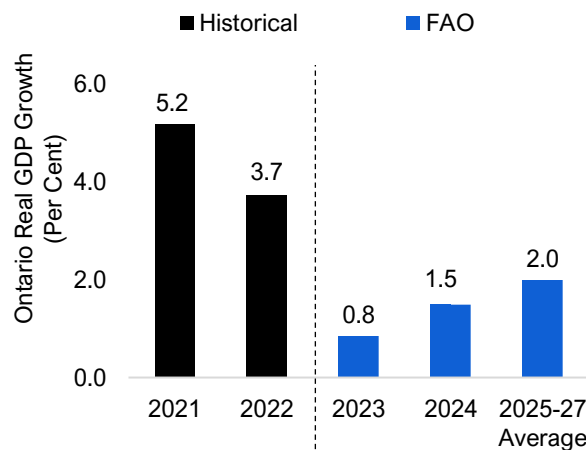
Short-term interest rates to remain high in 2023 and 2024



Source: Statistics Canada and FAO.

Figure 5.4

Ontario's economic growth to slow in 2023



Source: Ontario Economic Accounts and FAO.

¹⁵ Business Outlook Survey - First Quarter of 2023, Bank of Canada, April 2023.

Ontario's job market expected to slow

Ontario's strong post-pandemic job creation continued in 2022, with employment increasing by 338,300 jobs (or 4.6 per cent). Combined with the robust rise in 2021, this was the strongest two-year period of job gains on record.¹⁶ The annual unemployment rate in the province dropped to 5.6 per cent in 2022, the same as the pre-pandemic rate observed in 2019.

Ontario's labour market performance remained strong in early 2023, with April recording the seventh consecutive month of job growth and the unemployment rate falling to 4.9 per cent.

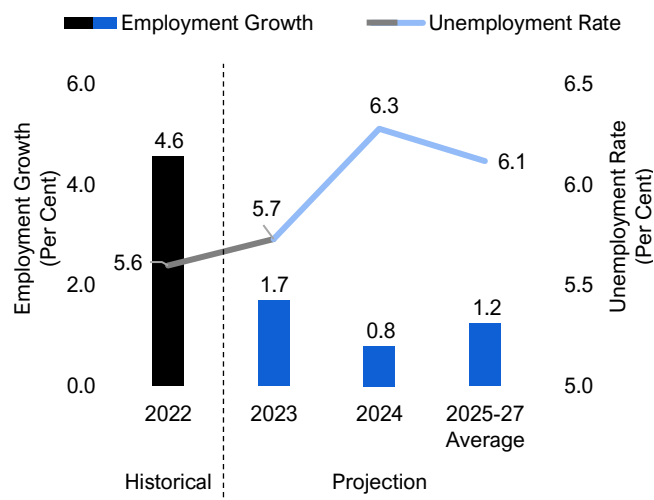
Over the rest of the year, job vacancies are expected to continue to decline, and the annual unemployment rate is projected to increase slightly to an average of 5.7 per cent in 2023. In 2024, the unemployment rate is projected to rise to 6.3 per cent as strong labour force growth outpaces job gains. The unemployment rate is projected to average 6.1 per cent over the remainder of the outlook.

Ontario's nominal GDP growth to moderate

Following two years of exceptional gains, Ontario's nominal GDP growth is projected to moderate to 3.1 per cent in 2023. Labour income growth is expected to soften as employers cut back on hiring and wage expense, while corporate profits are projected to decline as businesses face weaker sales growth and high interest on debt.

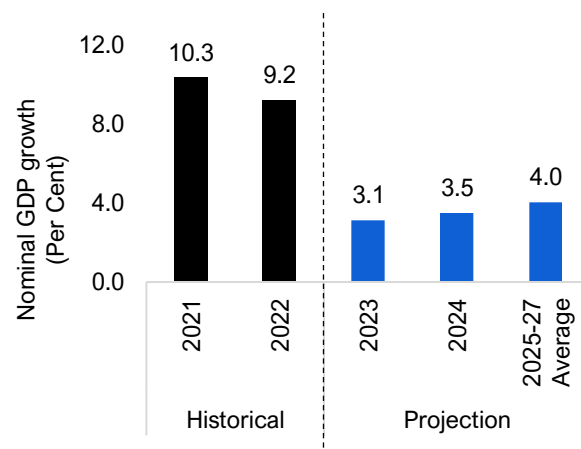
Nominal GDP growth is expected to improve to 3.5 per cent in 2024 and recover to an average annual rate of 4.0 per cent over the 2025-to-2027 period.

Figure 5.5
Unemployment rate expected to rise in 2024



Source: Statistics Canada and FAO.

Figure 5.6
Ontario's nominal GDP growth to moderate in 2023 and 2024



Source: Ontario Economic Accounts and FAO.

¹⁶ For an update on Ontario's labour market performance in 2022, see the FAO's [Ontario's Labour Market in 2022](#) report.

6. Risks to the Economic and Budget Outlook

Economic and budget uncertainties

Ontario's economic growth was resilient in 2022, but numerous domestic and global factors pose both downside and upside risks to the FAO's economic outlook.

- Inflation could prove more persistent than expected, prompting further interest rate increases from the Bank of Canada. Higher borrowing costs are adding financial stress to households, with one-third of mortgages facing higher payments as of May 2023 compared to February 2022.¹⁷ Additional interest rate increases could cause the slowdown in Ontario's economic outlook to last longer than anticipated and put further pressure on the housing market and household spending.
- Economic growth in the United States has moderated amid the debt-ceiling deliberations and recent turbulence in the financial sector. The Federal Reserve has also taken a more aggressive stance against inflation than the Bank of Canada, raising the Federal Funds Rate by an additional 75 basis points in 2023 to the 5.00-5.25 per cent range. If the US economy experiences a recession, this would create a setback to Ontario's exports of intermediate and manufactured goods.
- Russia's war in Ukraine has been protracted, with mounting fiscal costs, geopolitical tensions, and impacts on global energy prices and inflation. This continues to overshadow the recovery in global trade and international investment.
- On the upside, resilience in Ontario's consumer spending and the tight labour market could last longer than expected, improving Ontario's economic outlook from the sharp slowdown projected in 2023. Several economic indicators improved in the first quarter of 2023 and the housing market has stabilized for the past few months after declining for most of 2022. In addition, Ontario's population growth has exceeded expectations, with the first quarter of 2023 marking the fastest year-over-year growth since 1972.¹⁸ If these conditions persist, economic and revenue growth could outpace the FAO's projection.

Ontario's budget outlook is subject to the same risks affecting the economic outlook, in addition to various other uncertainties. The following notable risks to the budget outlook could result in a material change to the FAO's forecast:

- High inflation could place significant upward pressure on public sector wages. For example, over 60,000 education workers recently signed collective agreements that provided average annual wage increases of 4.5 per cent over four years.¹⁹

¹⁷ [Financial System Review 2023](#), Bank of Canada.

¹⁸ From 2022 Q1 to 2023 Q1, Ontario's population grew by an estimated 3.0 per cent, the fastest gain since the second quarter of 1972 when population growth was 3.2 per cent.

¹⁹ The Province recently reached agreements with approximately 55,000 education workers who are members of the Canadian Union of Public Employees (CUPE) and approximately 7,000 education workers represented by the Ontario Council of Educational Workers (OCEW). The FAO estimates that these workers will receive an average annual wage increase of approximately 4.5 per cent per year for four years, which is above the long-term historical average of 2.2 per cent.

- The legal challenge to Bill 124.²⁰ On November 29, 2022, the Ontario Superior Court of Justice ruled that Bill 124, which limits base salary increases for most provincial employees to one per cent per year for a period of three years, was in violation of the Canadian Charter of Rights and Freedoms and was declared to be void and of no effect. While the government has appealed this decision, some public sector employees have already been awarded retroactive compensation. For example, an arbitration decision recently awarded Ontario Nurses' Association members in hospitals additional wage increases of 0.75 per cent in 2020, 1.0 per cent in 2021 and 2.0 per cent in 2022. The FAO's program spending forecast includes the impact of publicly announced retroactive compensation decisions; however, any new retroactive compensation decisions would increase the FAO's program spending forecast.
- Any new announcements to revenue or spending programs would change the FAO's budget outlook.

Budget sensitivities

To illustrate the impact of potential policy changes on Ontario's fiscal projection, the FAO estimated the sensitivity of key budget indicators to changes in three main policy areas: tax revenues, federal transfers, and program expenditures. For each policy item, Table 6.1 provides an estimate of the 2023-24 and 2027-28 change in the budget balance, the total change in net debt by 2027-28, and the change in the net debt-to-GDP ratio in 2027-28.

²⁰ Bill 124 refers to the *Protecting a Sustainable Public Sector for Future Generations Act, 2019*.

Table 6.1
Sensitivity of Ontario's budget balance and net debt to select factors

	Change in budget balance in:		Change in Net Debt by	Change in Net Debt-to-GDP
	2023-24	2027-28	2027-28	Ratio by 2027-28
Tax Policy *				
Increasing/decreasing annual income taxes payable by \$500 for the average taxpayer	+/- \$4.7 billion	+/- \$6.4 billion	+/- \$27.7 billion	+/- 2.2 ppt
A one percentage point increase/decrease to the 11.5 per cent provincial corporate tax rate	+/- \$2.2 billion	+/- \$3.0 billion	+/- \$12.9 billion	+/- 1.0 ppt
A one percentage point increase/decrease to the 8 per cent provincial HST rate	+/- \$4.6 billion	+/- \$6.1 billion	+/- \$26.6 billion	+/- 2.1 ppt
Federal Transfers				
A sustained one percentage point increase/decrease in the growth rate of the Canada Health Transfer	+/- \$0.2 billion	+/- \$1.2 billion	+/- \$ 3.4 billion	+/- 0.3 ppt
A sustained one percentage point increase/decrease in the growth rate of the Canada Social Transfer	+/- \$0.1 billion	+/- \$0.4 billion	+/- \$1.1 billion	+/- 0.1ppt
A \$1 billion increase/decrease in federal transfers **	+/- \$1.0 billion	+/- \$1.2 billion	+/- \$5.6 billion	+/- 0.5 ppt
Program Spending				
A permanent \$1 billion program spending change **	+/- \$1.0 billion	+/- \$1.2 billion	+/- \$5.6 billion	+/- 0.5 ppt
A sustained one percentage point change in the growth rate of health sector spending over the projection	+/- \$0.8 billion	+/- \$5.1 billion	+/- \$14.1 billion	+/- 1.1 ppt
A sustained one percentage point change in the growth rate of education sector spending over the projection	+/- \$0.4 billion	+/- \$2.2 billion	+/- \$6.3 billion	+/- 0.5 ppt
A sustained one percentage point change in Ontario public sector salaries and wages over the projection	+/- \$0.5 billion	+/- \$3.2 billion	+/- \$9.0 billion	+/- 0.7 ppt

* Updated June 16, 2023

** The permanent change in 2023-24 is assumed to increase over time due to revenue and spending growth drivers.

Note: These estimates include the associated impact to interest on debt but do not incorporate any economic feedback effects.

Source: FAO.

7. Appendix

Table A.1

FAO outlook for key revenue drivers

(Per Cent Growth)	2021a	2022a	2023f	2024f	2025f-2027f Average*
Nominal GDP					
FAO	10.3	9.2	3.1	3.5	4.0
2023 Ontario Budget**	10.3	9.4	2.8	3.6	4.6
Labour Income					
FAO	9.2	9.5	5.0	4.0	3.9
2023 Ontario Budget**	9.2	9.0	5.1	4.2	4.4
Corporate Profits					
FAO	13.7	4.7	-8.1	2.3	5.5
2023 Ontario Budget**	13.7	5.0	-8.2	-0.5	9.2
Household Consumption					
FAO	7.3	12.6	5.3	4.4	4.0
2023 Ontario Budget**	7.3	12.6	5.1	4.1	4.3

a = Actual f = Forecast

* 2025f-2026f average for 2023 Ontario Budget forecast.

** 2023 Ontario Budget was based on information available up to January 30, 2023.

Source: Ontario Economic Accounts, 2023 Ontario Budget and FAO.

Table A.2

FAO outlook for real GDP and select economic indicators

	2021a	2022a	2023f	2024f	2025f-2027f Average*
Real GDP (Per Cent Growth)					
FAO	5.2	3.7	0.8	1.5	2.0
2023 Ontario Budget**	5.2	3.7	0.2	1.3	2.5
Employment (Per Cent Growth)					
FAO	5.2	4.6	1.7	0.8	1.2
2023 Ontario Budget	5.2	4.6	0.5	1.0	1.7
Unemployment Rate (Per Cent)					
FAO	8.1	5.6	5.7	6.3	6.1
2023 Ontario Budget	8.1	5.6	6.4	6.6	6.3
CPI Inflation (Per Cent)					
FAO	3.5	6.8	3.6	2.1	2.0
2023 Ontario Budget	3.5	6.8	3.6	2.1	2.0
3-month Treasury Bill Rate (Per Cent)					
FAO	0.1	2.3	4.4	3.4	2.4
2023 Ontario Budget	0.1	2.3	4.3	3.3	2.5
10-year Government Bond Rate (Per Cent)					
FAO	1.4	2.8	3.0	3.0	3.2
2023 Ontario Budget	1.4	2.8	3.1	3.1	3.2

a = Actual f = Forecast

* 2025f-2026f average for 2023 Ontario Budget forecast.

** 2023 Ontario Budget was based on information available up to January 30, 2023.

Source: Statistics Canada, Ontario Economic Accounts, 2023 Ontario Budget and FAO.

Table A.3
FAO budget outlook

(\$ Billions)	2020-21a	2021-22a	2022-23f	2023-24f	2024-25f	2025-26f	2026-27f	2027-28f
Revenue								
Personal Income Tax	40.3	46.8	50.3	54.0	56.6	59.3	61.8	64.3
Annual Growth (Per Cent)	6.9	15.9	7.7	7.4	4.7	4.7	4.3	4.1
Sales Tax	26.6	30.4	35.8	35.1	36.7	38.2	39.7	41.2
Annual Growth (Per Cent)	-7.1	14.2	17.8	-1.9	4.6	4.0	4.0	3.8
Corporations Tax	17.8	25.2	26.9	23.9	25.2	26.8	28.0	28.9
Annual Growth (Per Cent)	15.3	41.9	6.6	-11.3	5.5	6.4	4.4	3.3
All Other Taxes	26.2	29.3	28.5	28.5	30.9	32.0	33.1	34.1
Annual Growth (Per Cent)	-1.1	12.0	-2.9	-0.1	8.7	3.3	3.4	3.3
Total Taxation Revenue	110.9	131.7	141.5	141.4	149.4	156.2	162.5	168.6
Annual Growth (Per Cent)	2.4	18.8	7.5	-0.0	5.6	4.5	4.1	3.7
Transfers from Government of Canada	33.9	30.6	31.1	34.3	35.5	37.1	39.0	40.6
Annual Growth (Per Cent)	33.6	-9.8	1.6	10.4	3.3	4.7	5.0	4.0
Income from Government Business Enterprise	5.0	6.4	6.5	6.3	6.7	8.5	8.8	9.2
Annual Growth (Per Cent)	-15.1	28.6	0.9	-2.6	5.1	27.8	4.0	3.7
Other Non-Tax Revenue	15.1	16.3	18.0	19.0	19.2	20.0	20.7	21.4
Annual Growth (Per Cent)	-8.8	8.4	10.0	5.5	1.4	3.9	3.7	3.4
Total Revenue	164.9	185.1	197.1	201.1	210.7	221.8	231.1	239.7
Annual Growth (Per Cent)	5.6	12.2	6.5	2.0	4.8	5.2	4.2	3.7
Expense								
Health Sector	69.5	75.7	78.5	80.6	82.4	86.7	90.5	95.1
Annual Growth (Per Cent)	9.0	9.0	3.6	2.7	2.2	5.2	4.4	5.1
Education Sector*	32.9	31.5	34.9	36.6	37.7	39.5	40.9	41.7
Annual Growth (Per Cent)	3.6	-4.2	10.7	5.0	3.0	4.6	3.5	2.1
Children's and Social Services Sector	17.4	17.1	18.1	19.1	19.9	20.6	21.2	21.9
Annual Growth (Per Cent)	2.4	-2.1	6.2	5.3	4.2	3.6	3.1	3.2
Postsecondary Education Sector	9.8	10.6	11.1	11.9	12.2	12.6	13.0	13.4
Annual Growth (Per Cent)	-6.6	8.0	4.7	6.8	2.9	3.2	3.0	3.2
Justice Sector	4.8	4.9	5.3	5.6	5.6	5.6	5.8	5.9
Annual Growth (Per Cent)	2.8	4.1	7.2	4.8	0.3	0.0	3.9	1.5
Other Programs*	34.6	30.6	35.7	31.0	32.1	32.8	31.6	32.1
Annual Growth (Per Cent)	40.6	-11.8	16.8	-13.1	3.5	2.1	-3.8	1.9
Total Program Expense	169.0	170.4	183.6	184.8	189.9	197.7	202.9	210.1
Annual Growth (Per Cent)	11.0	0.8	7.7	0.6	2.8	4.1	2.6	3.5
Interest on Debt	12.3	12.6	12.9	13.3	13.4	13.5	13.4	13.2
Annual Growth (Per Cent)	-1.7	2.3	2.6	2.7	1.4	0.4	-0.6	-1.8
Total Expense	181.3	183.0	196.5	198.1	203.4	211.2	216.3	223.3
Annual Growth (Per Cent)	10.0	0.9	7.4	0.8	2.7	3.9	2.4	3.2
Budget Balance	-16.4	2.1	0.5	3.0	7.4	10.6	14.7	16.4

a = Actual f = Forecast

* The Ontario Teachers' Pension Plan is included in the education sector.

Numbers may not add due to rounding.

Source: Ontario Public Accounts and FAO.

Table A.4
FAO debt outlook

(\$ Billions)	2020–21a	2021–22a	2022–23f	2023–24f	2024–25f	2025–26f	2026–27f	2027–28f
Budget Balance	-16.4	2.1	0.5	3.0	7.4	10.6	14.7	16.4
Accumulated Deficit	239.3	236.9	236.3	233.3	225.9	215.4	200.7	184.2
Net Debt	373.6	380.4	389.3	396.3	403.0	406.5	404.6	398.5
<i>Net Debt-to-GDP (Per Cent)</i>	43.1	39.8	37.3	36.8	36.2	35.0	33.4	31.8

a = Actual f = Forecast

Numbers may not add due to rounding.

Source: Ontario Public Accounts and FAO.

Table A.5
Changes to FAO revenue projection since the Winter EBO, \$ billions

	FAO Revenue Projection Changes, \$ billions					Total
	2022-23	2023-24	2024-25	2025-26	2026-27	
Winter EBO	188.5	194.7	204.8	212.5	221.0	-
New Government Measures	0.0	0.1	0.0	0.0	0.0	0.2
Forecast Updates	8.5	6.3	5.9	9.3	10.0	40.1
Total Changes	8.5	6.4	6.0	9.3	10.1	40.2
Spring EBO	197.1	201.1	210.7	221.8	231.1	-

Note: Positive values indicate the FAO revised its revenue projection higher, while negative values indicate lower revenue revisions. Forecast updates include the impact of updated economic projections and other factors. Numbers may not add due to rounding.

Source: FAO.

Table A.6
Changes to FAO program spending projection since the Winter EBO, \$ billions

	FAO Program Spending Projection Changes, \$ billions					Total
	2022-23	2023-24	2024-25	2025-26	2026-27	
Winter EBO	178.3	180.5	187.1	193.3	199.4	-
New Government Measures	6.5	2.0	1.3	1.5	1.3	12.6
Forecast Updates	-1.2	2.3	1.6	3.0	2.2	7.9
Total Changes	5.3	4.3	2.9	4.4	3.5	20.5
Spring EBO	183.6	184.8	189.9	197.7	202.9	-

Note: Positive values indicate the FAO revised its spending projection higher, while negative values indicate lower spending revisions. Forecast updates include the impact of updated economic projections and other factors.

Source: FAO.

TAB 80

About this document

Established by the *Financial Accountability Officer Act, 2013*, the Financial Accountability Office (FAO) provides independent analysis on the state of the Province's finances, trends in the provincial economy and related matters important to the Legislative Assembly of Ontario.

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The content of this report is based on information available to January 8, 2024. Background data used in this report are available upon request.

In keeping with the FAO's mandate to provide the Legislative Assembly of Ontario with independent economic and financial analysis, this report makes no policy recommendations.



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1. Summary

This Economic and Budget Outlook report provides the FAO's projection for the provincial economy and the Province's finances over the 2023-24 to 2027-28 period. The report also compares the FAO's budget outlook to the government's plan presented in the 2023 Ontario Economic Outlook and Fiscal Review (Fall Economic Statement or FES) from 2023-24 to 2025-26. The FAO's revenue and spending projections are based on current and announced government policies.

Ontario's economic growth to slow further in 2024

Ontario's economic growth (as measured by growth in real GDP) slowed sharply to 1.2 per cent in 2023 and is projected to slow further to 0.7 per cent in 2024, reflecting the ongoing impact of higher interest rates on household spending and the housing market, and a weaker global environment. Ontario's economic growth is projected to improve over the 2025 to 2028 period as lower interest rates bolster household spending and residential investment.

FAO projects balanced budget by 2026-27

The FAO projects a \$4.7 billion budget deficit in 2023-24, slightly smaller than the government's \$5.6 billion deficit projected in the 2023 FES. Ontario's budget deficit is expected to widen to \$6.2 billion in 2024-25 and gradually improve over the outlook, reaching a balanced position by 2026-27, one year later than expected by the government.

The FAO's current budget outlook is a significant deterioration from the FAO's Spring 2023 outlook, which expected growing budget surpluses over the forecast to 2027-28. This significant downward revision is the result of both lower than projected revenues and higher than projected spending. The FAO now expects the Province to record \$74.1 billion more in net debt by 2027-28 when compared to the FAO's spring projection. Despite this increase, Ontario's net debt-to-GDP ratio is expected to remain below the government's 2023 Ontario Budget target.

Ontario's revenue growth to moderate after pandemic-related surge

The FAO projects revenue growth will average 3.9 per cent per year from 2022-23 to 2027-28, slower than the 7.3 per cent average annual growth recorded during the pandemic. The FAO's revenue projection is lower by an average of \$5.8 billion per year compared to the FAO's Spring 2023 projection, for a cumulative decrease of \$29.0 billion over five years. This decrease is mainly due to lower projected personal income tax based on new information from 2022 tax returns. The FAO's revenue forecast is also \$4.9 billion lower than the government's outlook in 2023-24, and \$4.6 billion lower by 2025-26 due to the FAO's less optimistic projection for corporate and sales tax revenue.

FAO's spending projection higher compared to the Spring 2023 EBO outlook

The FAO projects spending growth will average 3.1 per cent per year from 2022-23 to 2027-28, slower than the 5.2 per cent average annual growth over the previous five years. The FAO's spending projection has increased by an average of \$6.7 billion per year compared to the FAO's Spring 2023 outlook, for a cumulative increase of \$33.4 billion over five years. This increase is due in part to higher projected spending on Ontario public sector salaries and wages, new government policy measures, and higher projected interest on debt spending to support the estimated increase in net debt. Overall, the FAO's spending projection is similar to the government's spending plan in the 2023 FES with the exception of 2023-24, where the government's spending plan is \$4.8 billion above the FAO's projection.

Ontario's fiscal sustainability indicators to remain below the government's targets

Ontario's debt burden (as measured by the net debt-to-GDP ratio) is expected to increase from 38.3 per cent in 2022-23 to 38.7 per cent in 2024-25, before declining to 37.0 per cent by 2027-28. The interest on debt-to-revenue ratio, a measure of budget flexibility, is projected to increase from 6.4 per cent in 2022-23 to 7.0 per cent in 2025-26, before declining to 6.8 per cent by 2027-28. Both fiscal sustainability indicators are expected to remain below the government's 2023 Ontario Budget targets of 40.0 per cent for the net debt-to-GDP ratio and 7.5 per cent for the interest on debt-to-revenue ratio.

Risks to the economic and budget outlook

Ontario's economic growth could be negatively affected by numerous geopolitical risks, or if inflation and interest rates remain higher for longer than anticipated. If the US economy continues to grow above expectations, that could positively affect Ontario's economic growth and revenues. While the FAO has adjusted its assumptions for public sector wage growth to reflect the estimated impact of Bill 124 retroactive compensation and higher wage settlements, the outcomes of upcoming negotiations or arbitration awards could affect the FAO's spending projection. Also, the FAO's spending projection does not yet include the estimated costs of the newly announced Ontario Infrastructure Bank or the upload of the Gardiner Expressway and Don Valley Parkway due to uncertainty around details and the timing of implementation. When details of these initiatives are finalized, the FAO will update its spending projection to account for these costs.

2. Economic Outlook

Global economic growth expected to moderate

The global economy grew by an estimated 3.0 per cent in 2023, moderating from 3.5 per cent in 2022 as higher interest rates and geopolitical conflicts weighed on the recovery of economic activity from the COVID-19 pandemic.¹ Emerging market and developing economies maintained a similar pace of growth of around 4.0 per cent in 2022 and 2023, while growth in advanced economies slowed from 2.6 per cent in 2022 to 1.5 per cent in 2023 largely due to the further tightening of monetary policy.

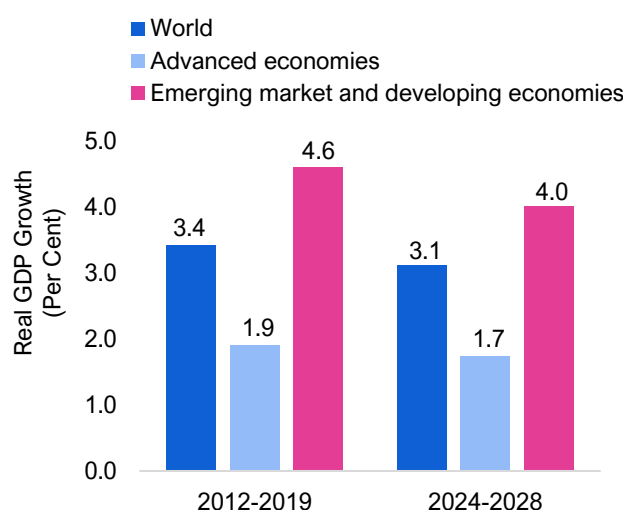
Risks to the short-term global economic outlook remain skewed to the downside. Recession concerns have somewhat abated as inflation slowed without a major downturn in economic activity in advanced economies. However, China's labour market challenges and real estate crisis have shed confidence in its post-pandemic recovery, while commodity prices could become more volatile due to ongoing geopolitical tensions and extreme weather events.

Global economic growth is expected to pick up in 2025 as inflation gradually returns to central bank targets and policy interest rates are lowered. The global economy is projected to grow by an average annual rate of 3.1 per cent over the 2024 to 2028 period, slightly slower than the 3.4 per cent average growth observed after the 2007-08 global financial crisis and before the 2020 pandemic.

The United States, Ontario's largest trading partner, is expected to record economic growth of 1.5 per cent in 2024, after a gain of 2.5 per cent in 2023. Household consumption, investment and employment growth are projected to moderate in 2024, followed by a small rebound in 2025 as the Federal Reserve gradually lowers the Federal Funds Rate.

Figure 2.1

Global economic growth projected to moderate



Source: International Monetary Fund.

¹ [World Economic Outlook](#), International Monetary Fund, October 2023.

Ontario outlook: inflation and economic growth to slow

Since peaking at a 41-year high of 6.8 per cent in 2022, Ontario's average annual inflation rate fell to 3.8 per cent in 2023 as higher interest rates slowed demand and global supply chains improved. The lower inflation rate was mainly driven by a 4.3 per cent drop in energy prices in 2023. Inflation rates in most categories eased in 2023 except for health and personal care, and alcohol and tobacco. The pace of food inflation moderated from an increase of 9.1 per cent in 2022 to 7.1 per cent in 2023.

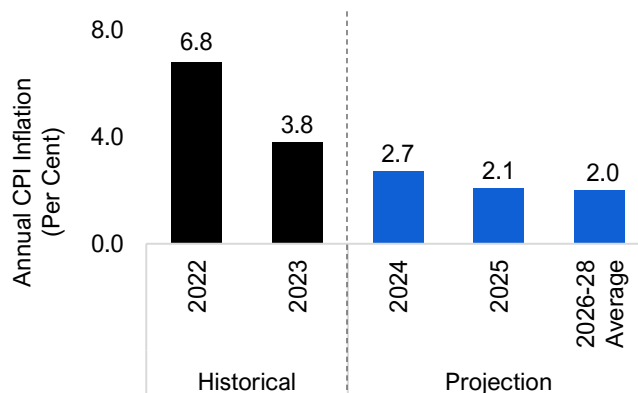
Annual CPI inflation is still expected to remain above historical averages in 2024 at 2.7 per cent and moderate to an average of close to two per cent over the rest of the outlook as the economy fully adjusts to higher interest rates.

Since its last increase in July 2023, the Bank of Canada has maintained its policy interest rate at 5.00 per cent. With economic growth and inflation slowing, financial market participants anticipate the Bank of Canada will lower its policy interest rate by 150 basis points by early 2025.²

In line with most private sector economists, the FAO projects that short-term interest rates will stay above long-term rates in 2024, which has historically indicated the possibility of weak economic growth. As inflation continues to ease closer to the Bank's two per cent target, short-term interest rates are projected to fall below long-term rates by 2025.

Figure 2.2

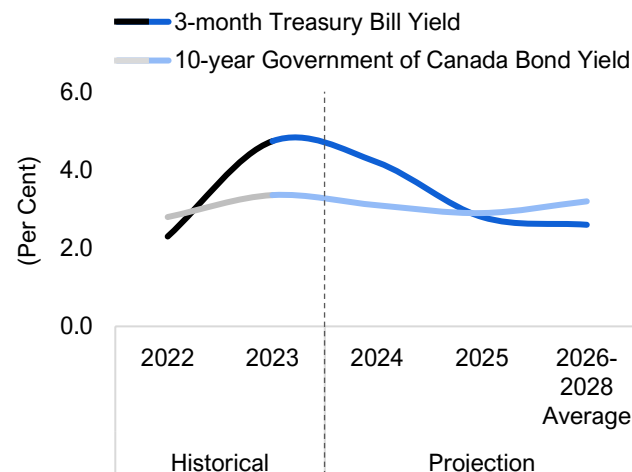
Ontario's inflation rate projected to moderate gradually over the next two years



Source: Statistics Canada and FAO.

Figure 2.3

Short-term interest rates to remain high in 2024



Source: Statistics Canada and FAO.

² Market Participants Survey: Third Quarter of 2023, Bank of Canada, November 2023.

Ontario's real GDP growth has slowed sharply

Ontario's real GDP expanded by an estimated 1.2 per cent in 2023, down sharply from 3.9 per cent growth in 2022 and 5.4 per cent in 2021.

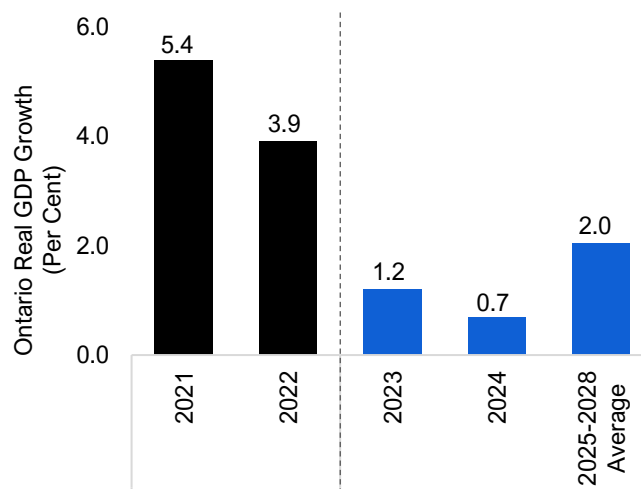
Elevated inflation, rising interest rates and the weaker global environment continued to weigh on household and business sector activity in 2023. Residential and business investment are projected to decline for the second consecutive year in 2023 as high borrowing costs discouraged new home construction, housing sales activity and investment in machinery and equipment.

The pace of Ontario's economic growth is projected to slow further to 0.7 per cent in 2024, reflecting the ongoing impact of higher interest rates on highly indebted households' spending. Residential investment is projected to remain weak in 2024 as high mortgage rates and affordability challenges continue to dampen housing activity. While US consumer spending outperformed expectations in 2023, it is expected to slow in 2024 as excess savings from the COVID-19 pandemic are depleted, impacting Ontario's exports.

Economic growth is projected to improve to an average of 2.0 per cent over the 2025 to 2028 period as interest rates fall, helping to bolster household spending. Residential investment is expected to rebound in 2025 due to strong population growth³ and government plans⁴ to spur housing construction activity. Recovery in consumer demand in the United States is expected to support a moderate rebound in Ontario's exports. However, a number of downside risks to the outlook could result in a slower pace of economic growth – see discussion in Chapter 6.

Figure 2.4

Ontario's economic growth projected to slow further in 2024



Source: Ontario Economic Accounts and FAO.

³ Since the FAO's Spring 2023 Economic and Budget Outlook, the Ontario Ministry of Finance revised up its projection for Ontario's 2023-2027 average annual population growth from 1.5 per cent to 2.2 per cent. The Ministry now expects over 500,000 more people in 2027. See: [Ontario population projections](#).

⁴ Examples of recently announced government plans include housing measures outlined in the federal government's 2023 Fall Economic Statement such as increased funding for the Apartment Construction Loan Program and the Affordable Housing Fund, and agreements with Ontario municipalities through the Housing Accelerator Fund.

Ontario's job market expected to slow further in 2024

Ontario's strong post-pandemic job creation moderated in 2023, with employment increasing by 183,200 jobs (2.4 per cent) compared to 338,300 jobs (4.6 per cent) created in 2022. The annual unemployment rate inched up to 5.7 per cent in 2023, slightly higher than the pre-pandemic rate of 5.6 per cent observed in 2019.

Ontario's labour market performance softened through 2023, with the unemployment rate rising more than a full percentage point from April to December, reaching 6.3 per cent.⁵

In 2024, employment growth is projected to slow to 0.4 per cent and the annual unemployment rate is projected to increase to 6.8 per cent. The unemployment rate is projected to fall gradually over the remainder of the outlook as employment growth recovers.

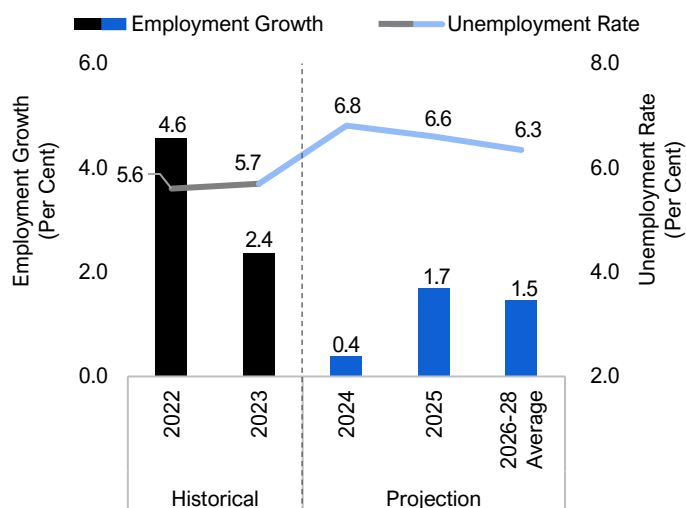
Ontario's nominal GDP growth to moderate

Ontario's nominal GDP, which provides a broad measure of the tax base, expanded by an estimated 4.2 per cent in 2023, less than half the 9.2 per cent growth recorded in 2022. Labour income growth was resilient, with hourly wages extending strong gains in most industries throughout 2023, while corporate profits are expected to decline for a second consecutive year as businesses faced weaker sales growth and high interest on debt costs.

Nominal GDP growth is projected to moderate further to 3.1 per cent in 2024 as a softening labour market eases wage pressures and corporate profits continue to struggle. Over the 2025 to 2028 period, nominal GDP growth is expected to rebound and average 4.1 per cent annually, supported by stronger employment growth, sales gains and lower interest rates.

Figure 2.5

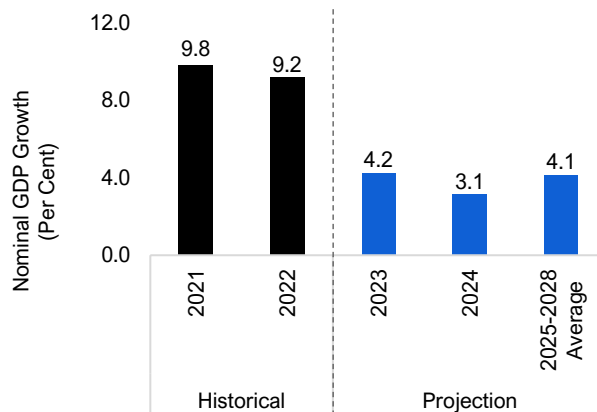
Unemployment rate expected to rise in 2024



Source: Statistics Canada and FAO.

Figure 2.6

Ontario's nominal GDP growth to moderate in 2023 and 2024



Source: Ontario Economic Accounts and FAO.

⁵ The FAO will provide a detailed update in its annual labour market report in early 2024.

3. Budget and Debt Outlook

FAO projects balanced budget by 2026-27

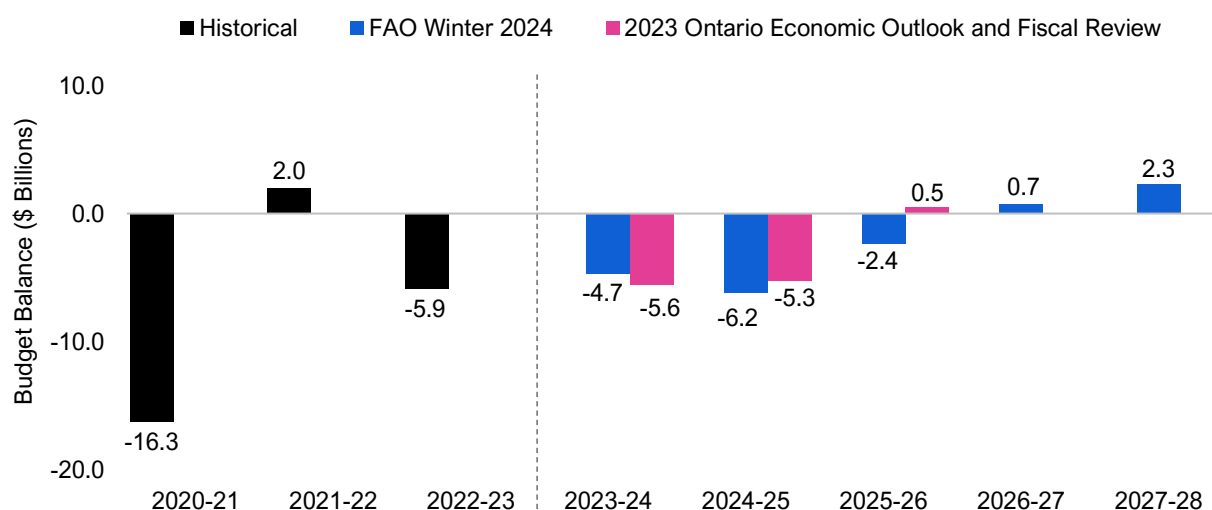
Following a budget deficit of \$5.9 billion in 2022-23, the FAO projects that Ontario's budget deficit will decrease to \$4.7 billion in 2023-24 and widen to \$6.2 billion in 2024-25. Beyond 2024-25, the budget outlook is expected to improve as revenue gains outpace the growth in spending under current government policies and announced commitments, with the Province projected to record a balanced budget by 2026-27 and a budget surplus of \$2.3 billion in 2027-28.

The FAO's 2023-24 budget deficit projection of \$4.7 billion is slightly smaller than the government's \$5.6 billion projected deficit in the 2023 Ontario Economic Outlook and Fiscal Review (FES). The FAO's \$0.9 billion smaller projected budget deficit for 2023-24 is comprised of:

- \$4.9 billion in lower projected revenue;
- \$4.8 billion in lower projected spending; and
- the exclusion of the government's \$1.0 billion budget reserve.

Figure 3.1

FAO projects budget deficits in the near term, followed by improvement



Source: Ontario Public Accounts, 2023 Ontario Economic Outlook and Fiscal Review and FAO.

By 2025-26, the last year of the 2023 FES outlook, the government projects a \$0.5 billion budget surplus. In contrast, the FAO expects Ontario to record a deficit of \$2.4 billion. The \$2.9 billion difference between the FAO's outlook and the government's projection for 2025-26 is comprised of:

- \$4.6 billion in lower projected revenue;
- \$0.3 billion in higher projected spending; and
- the exclusion of the government's \$2.0 billion budget reserve.

The FAO's current budget outlook is a significant deterioration from the FAO's Spring 2023 outlook, which expected growing budget surpluses over the forecast to 2027-28.⁶ This significant downward revision is the result of lower than projected revenues and higher than projected spending (see the revenue and spending outlook chapters below for details). The FAO now expects the Province to record \$74.1 billion more in net debt by 2027-28 when compared to the FAO's spring projection. Despite this increase, Ontario's net debt-to-GDP ratio is expected to remain below the government's target.

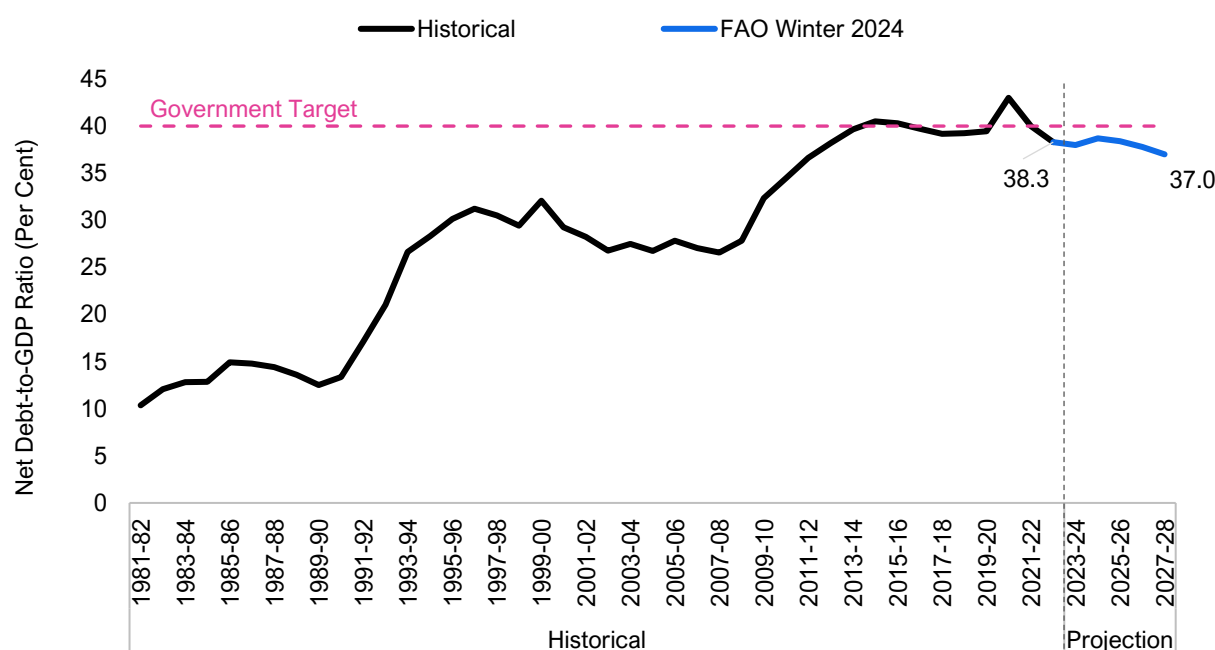
Ontario's fiscal sustainability indicators

To assess Ontario's fiscal sustainability, the FAO evaluates the projected trends in the net debt-to-GDP ratio and interest on debt as a share of revenue. Significant and prolonged deterioration in these indicators over time could raise concerns about the government's ability to deliver on its budgetary commitments.

Net debt as a share of GDP is a fiscal sustainability indicator that provides information on the government's ability to raise funds to service its debt obligations.⁷ The FAO projects that the Province's net debt-to-GDP ratio will increase from 38.3 per cent in 2022-23 to 38.7 per cent in 2024-25, before declining to 37.0 per cent by 2027-28 as GDP grows faster than the increase in net debt. Over the projection, the Province's net debt-to-GDP ratio is expected to remain below the government's target in the 2023 Ontario Budget of 40.0 per cent but above the historical average since 1981-82 of about 28 per cent.

Figure 3.2

Ontario's net debt-to-GDP ratio is projected to improve



Source: Ontario Public Accounts, Ontario Economic Accounts and FAO.

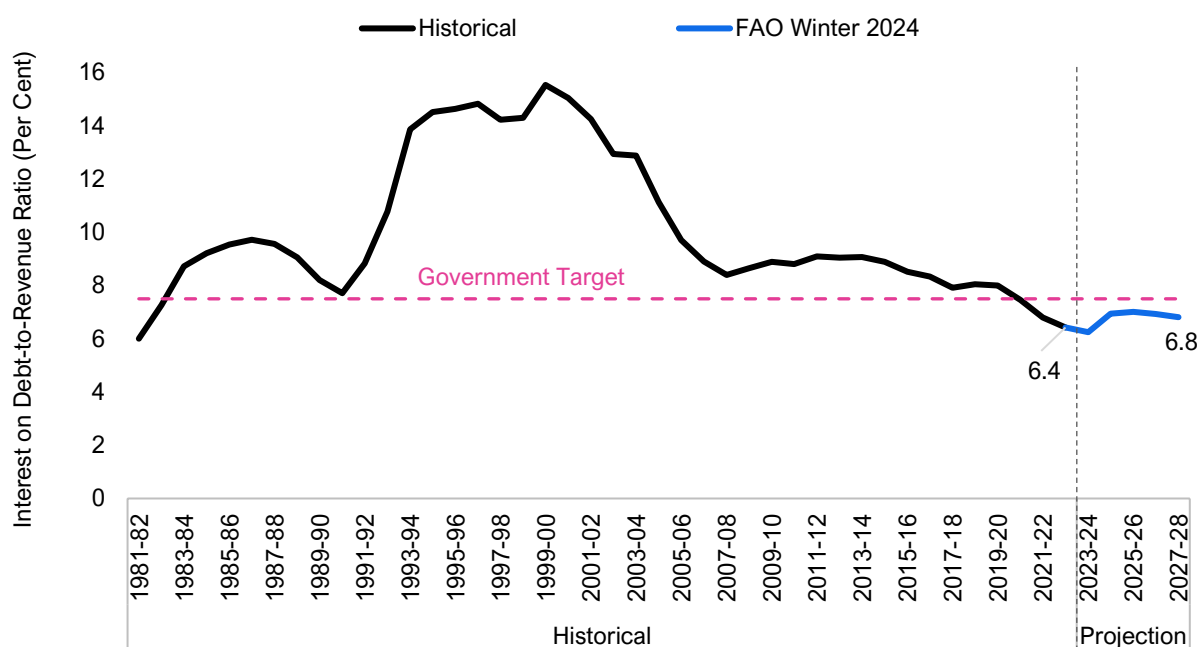
⁶ FAO, [Spring 2023 Economic and Budget Outlook](#).

⁷ For more information on fiscal sustainability indicators, see Chapter 2 of the FAO's [Long-Term Budget Outlook: Assessing Ontario's Fiscal Sustainability: 2021-2050](#) report.

The ratio of interest on debt-to-revenue is a fiscal sustainability indicator of budgetary flexibility – a higher ratio indicates that the government has a smaller share of revenue available to spend on programs. Ontario’s debt interest payments as a share of revenue are projected to increase from 6.4 per cent in 2022-23 to 7.0 per cent in 2025-26, before declining slightly to 6.8 per cent by 2027-28, as Ontario is projected to return to budget surpluses by 2026-27. Over the projection, the Province’s interest on debt-to-revenue ratio is expected to remain below the government’s target in the 2023 Ontario Budget of 7.5 per cent and below the historical average since 1981-82 of 10.1 per cent.

Figure 3.3

Ontario’s interest on debt-to-revenue ratio is projected to deteriorate slightly



Source: Ontario Public Accounts and FAO.

4. Revenue Outlook

Overview

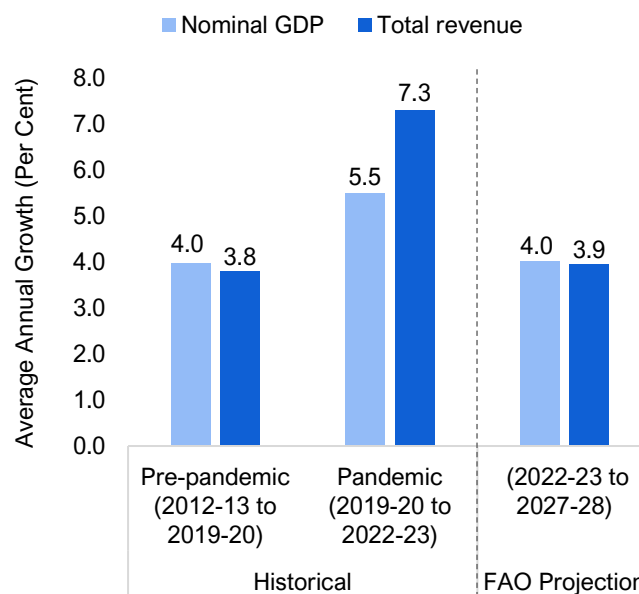
The FAO projects revenue growth will average 3.9 per cent per year from 2022-23 to 2027-28, lower than the 7.3 per cent average annual growth recorded during the COVID-19 pandemic. The moderation in revenue growth reflects slowing economic growth and the FAO's expectation that revenue growth will re-align with underlying economic activity.⁸

The 3.9 per cent average annual growth in total revenues from 2022-23 to 2027-28 incorporates the following:

- Tax revenue growth of 3.6 per cent per year, including personal income tax growth of 6.0 per cent, based on the FAO's strong outlook for labour income; sales tax growth of 3.3 per cent, driven by the projected growth in consumer spending; and an average annual decline in corporations tax revenue of -0.8 per cent, reflecting the significant slump in corporate profits forecast for 2023.
- Federal government transfer revenue growth of 5.4 per cent annually, based on existing agreements with the federal government, including Canada Health Transfer growth of 6.1 per cent and Canada Social Transfer growth of 3.4 per cent.
- Revenue growth from government business enterprises and other non-tax revenues averaging 3.9 per cent per year, in line with underlying economic activity.

Figure 4.1

Ontario's revenue growth to moderate



Source: Statistics Canada, Ontario Public Accounts and FAO.

Comparison to Spring 2023 EBO revenue forecast

Compared to the Spring 2023 EBO, the FAO's revenue projection has decreased by an average of \$5.8 billion per year, for a cumulative total of \$29.0 billion from 2023-24 to 2027-28, which is comprised of:

- \$24.6 billion in lower projected personal income tax based on new information on 2022 tax returns and a downward revision to labour income in 2022 by Statistics Canada (released in November's provincial economic accounts);⁹
- \$8.3 billion in lower projected corporations tax due to a weaker projection for corporate profits over the outlook;

⁸ During the pandemic period, total revenue growth was much stronger than the underlying economic drivers would normally suggest. This strength was due in part to unprecedented government support for households and businesses, which helped support incomes during the pandemic. In addition, much higher inflation raised the growth in personal income (PIT) taxes above the rate of personal income growth in part because the top two PIT brackets are not indexed for inflation. Sales taxes (HST) grew more strongly than household consumption, reflecting the significant increase in home prices, which are subject to HST.

⁹ This resulted in a \$6.1 billion downward revision to the 2022-23 personal income tax (PIT) revenue base, which lowers the entire PIT projection.

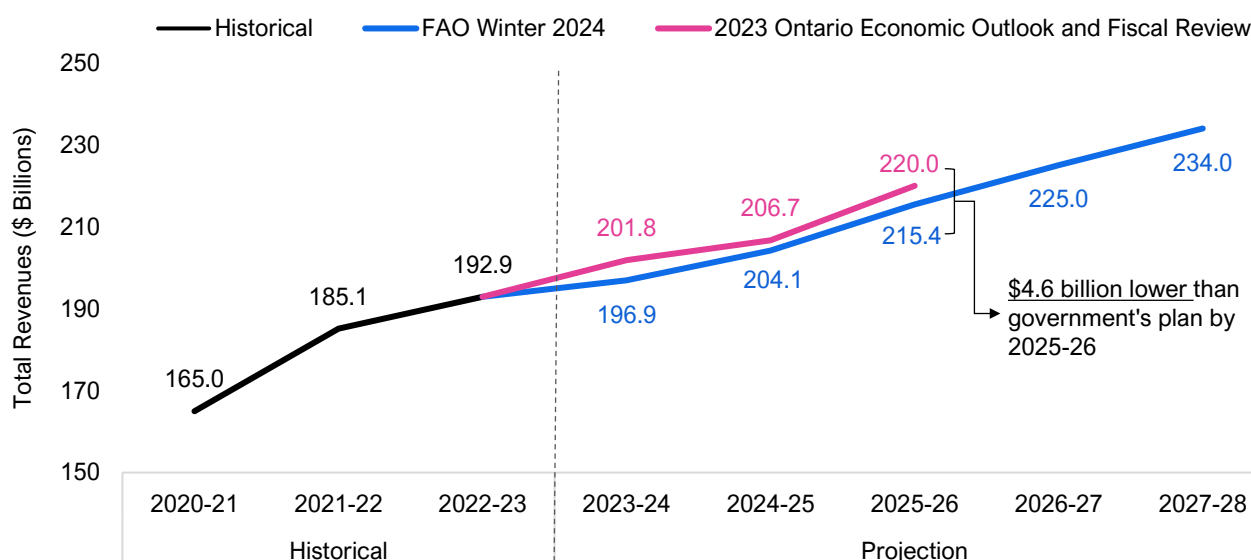
- \$0.7 billion in lower revenue due to new economic information and forecast updates in all other taxes,¹⁰ transfers from the Government of Canada, income from government business enterprises and other non-tax revenue; and
- \$4.7 billion in higher projected sales tax revenue based on more up-to-date information from tax returns showing \$0.3 billion higher revenue in 2022-23 and a stronger projection for household consumption.

Comparison to government revenue projection

In 2023-24, the FAO projects \$196.9 billion in total revenue, which is \$4.9 billion lower than the government's projection. By 2025-26, the last year of the government's forecast, the difference narrows slightly to \$4.6 billion.

Figure 4.2

Revenue projection, FAO compared to the government, \$ billions



Source: Ontario Public Accounts, 2023 Ontario Economic Outlook and Fiscal Review and FAO.

Of the \$4.6 billion difference in the FAO's revenue forecast in 2025-26 compared to the government's, \$4.2 billion results from the FAO's weaker projection for sales tax and corporations tax revenues.

- The lower corporations tax revenue projection results from a weaker corporate profit forecast, due in part to downward revisions to economic data by Statistics Canada released after the publication of the FES.¹¹
- The FAO assumes that sales tax revenues in 2022-23 will grow in line with economic drivers over the outlook. Despite having similar projections of the underlying economic drivers (which include household consumption and residential investment) over the outlook, the government's projection of sales tax revenue is a cumulative \$4.7 billion above the FAO's from 2023-24 to 2025-26.

¹⁰ Taxation revenue excluding personal income tax, sales tax and corporations tax.

¹¹ Annual corporate profits (net operating surplus) in Ontario in 2022 were revised down from an initial estimate of 4.3 per cent growth in the Ontario Economic Accounts to a 5.9 per cent decline in Statistics Canada's latest release of the Provincial and Territorial Economic Accounts (November 2023), released after the publication of the FES.

5. Spending Outlook

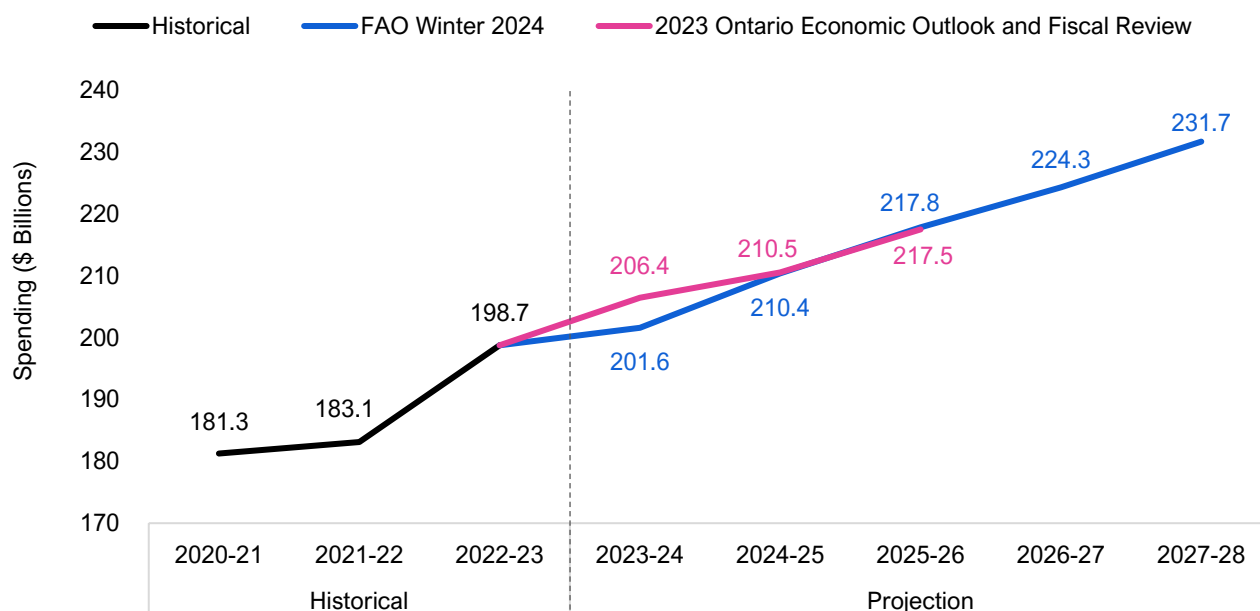
Overview

The FAO projects that the Province will spend \$201.6 billion in 2023-24, an increase of \$2.8 billion (1.4 per cent) from the previous year. By 2027-28, the FAO projects total spending will reach \$231.7 billion, with an average annual growth rate of 3.1 per cent over the five-year period from 2022-23.

The government's spending plan is similar to the FAO's projection, with the exception of 2023-24 where the government's spending plan is \$4.8 billion above the FAO's projection. This results in excess funds in 2023-24 that the FAO estimates are not required to support the cost of current programs and announced commitments. Excess funds can be used to introduce new programs, enhance existing programs or address spending pressures that materialize. Alternatively, if the Province decides not to use the excess funds, then these funds would be applied to improve the budget balance and reduce the Province's net debt.

Figure 5.1

Spending projection, FAO compared to the government, \$ billions



Note: Spending includes program spending and interest on debt expense.

Source: FAO analysis of the 2023 Ontario Economic Outlook and Fiscal Review and information provided by the Ministry of Finance.

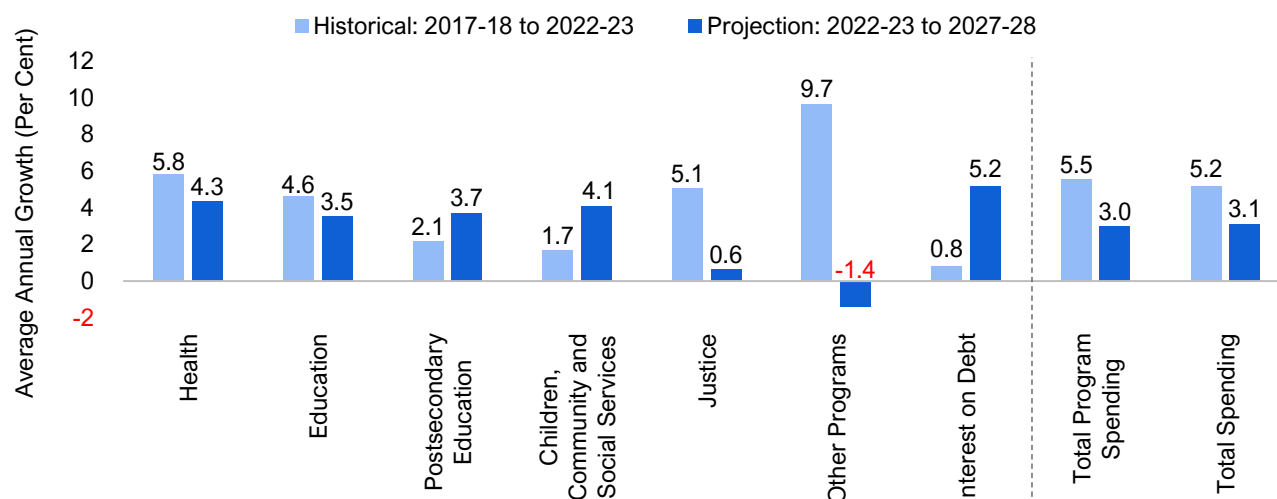
Spending growth by sector

From 2022-23 to 2027-28, total spending is expected to grow by 3.1 per cent per year, lower than the 5.2 per cent average growth recorded from 2017-18 to 2022-23.¹² By comparison, inflation and population growth averaged a combined 4.6 per cent from 2017-18 to 2022-23 and are expected to average a combined 4.5 per cent from 2022-23 to 2027-28.

¹² Growth rates are impacted by temporary spending in 2022-23, which includes \$6.3 billion for COVID-19-related supports and \$6.3 billion in one-time payments for land and land-related claims with Indigenous communities. Excluding these one-time items, the FAO estimates average annual spending growth of 3.8 per cent from 2017-18 to 2022-23 and 4.5 per cent from 2022-23 to 2027-28.

Figure 5.2

FAO's spending projection by sector compared to historical, average annual growth (per cent)



Note: Growth rates are impacted by temporary spending in 2022-23, which includes \$6.3 billion for COVID-19-related supports and \$6.3 billion in one-time payments for land and land-related claims with Indigenous communities. Excluding these one-time items, the FAO estimates average annual spending growth of 3.8 per cent from 2017-18 to 2022-23 and 4.5 per cent from 2022-23 to 2027-28.

Source: FAO analysis of the 2023 Ontario Economic Outlook and Fiscal Review and information provided by the Ministry of Finance.

From 2022-23 to 2027-28, the fastest growing sectors are expected to be interest on debt at 5.2 per cent average annual growth, followed by health (4.3 per cent), children, community and social services (4.1 per cent), postsecondary education (3.7 per cent) and education (3.5 per cent). 'Other programs' spending is projected to decline over the outlook, by negative 1.4 per cent per year, while justice spending is projected to increase by 0.6 per cent per year.

Comparison to Spring 2023 EBO spending forecast

Compared to the Spring 2023 EBO, the FAO's spending projection has increased by an average of \$6.7 billion per year, for a cumulative total of \$33.4 billion from 2023-24 to 2027-28, of which:

- \$16.6 billion is due to new government policy measures, including:
 - a projected \$10.1 billion in higher spending over five years on Ontario public sector salaries and wages due to awarded and expected compensation for the impact of wage restraint under Bill 124;¹³
 - an estimated \$3.2 billion in new spending due to the recently announced deal between the Province and the City of Toronto;¹⁴ and
 - \$3.4 billion for all other new measures and program changes, largely for new health sector funding announced in the Fall Economic Statement; and

¹³ The FAO's current spending forecast now assumes that all union and non-union public sector employees that were subjected to Bill 124 (the *Protecting a Sustainable Public Sector for Future Generations Act, 2019*) will receive wage increases to adjust for the impact of the legislation. While, as of the writing of this report, the government has appealed the decision by the Ontario Superior Court of Justice that declared Bill 124 to be void and of no effect, retroactive wage increases have already been awarded through both arbitration and government decisions. For example, in 2023, the Ontario Nurses' Association, the College Employer Council and some Ontario Public Service Employees Union (OPSEU) bodies were awarded retroactive wage increases for the impact of Bill 124, and the government has agreed with the Elementary Teachers' Federation of Ontario to provide retroactive compensation. The Province has also recorded a \$2.5 billion contingent liability in the 2022-23 Public Accounts of Ontario to recognize the potential impact of retroactive payments. Overall, the FAO estimates that the cost to the Province to provide wage increases to adjust for the impact of Bill 124 from 2022-23 to 2027-28 will total \$13.7 billion.

¹⁴ The FAO's estimate includes funding for transit and homelessness, a portion of which is conditional on federal government support. The FAO's estimate excludes the cost for the upload of the Gardiner Expressway and Don Valley Parkway as details regarding this transaction remain uncertain. See [Ontario and Toronto Reach a New Deal](#), Ontario News Release, November 27, 2023.

- \$16.8 billion is due to economic, population and other forecast updates, including:
 - a projected \$4.7 billion in higher spending on Ontario public sector salaries and wages, primarily due to the impact of elevated inflation on new collective bargaining agreements;¹⁵
 - an estimated \$6.3 billion in higher spending on interest on debt to support the estimated \$74.1 billion increase in net debt by 2027-28 when compared to the FAO's spring projection; and
 - a projected \$5.8 billion in higher spending from updated cost estimates for existing programs and announced commitments, mostly due to forecast updates (largely in the 'other programs' sector) and the impact of higher projections for inflation and population growth.

Comparison to government spending plan

Compared to the FAO's spending projection, the government's total spending plan in the 2023 FES has \$4.6 billion in excess funds from 2023-24 to 2025-26. All of the excess funds are in 2023-24, where the FAO's projection is \$4.8 billion lower than the government's, primarily due to the FAO's lower interest on debt projection and the contingency fund in the government's spending plan. In 2024-25 and 2025-26, the FAO projects a small net shortfall of \$0.2 billion.

Table 5.1

FAO's spending projection compared to the government's spending plan in the 2023 Fall Economic Statement, by sector, \$ millions

Sector	Spending Difference, Province vs. FAO, \$ Millions			
	2023-24	2024-25	2025-26	Total
Health	-948	-132	-1,155	-2,235
Education	-1,566	-1,104	-1,313	-3,982
Postsecondary Education	-57	-20	81	3
Children, Community and Social Services	96	-610	-1,161	-1,675
Justice	73	-103	-235	-265
Other Programs*	6,073	1,946	3,380	11,399
Program Spending Difference	3,670	-23	-403	3,245
Interest on Debt	1,149	174	58	1,381
Total Spending Difference	4,820	151	-345	4,626

Note: Negative values indicate that the Province's spending plan is below the FAO's projection (i.e., a "shortfall"), while positive values indicate that the Province's spending plan is above the FAO's projection (i.e., "excess funds"). Ontario Teachers' Pension Plan (OTPP) expense is included in the education sector.

* Contingency funds are included in the government's other programs spending plan but excluded from the FAO's projection as the purpose of the funds has not yet been announced.

Source: FAO analysis of the 2023 Ontario Economic Outlook and Fiscal Review and information provided by the Ministry of Finance.

¹⁵ The FAO's Spring 2023 EBO spending forecast assumed that wage growth would be in line with long-term historical averages for upcoming collective agreements. However, the FAO's spending forecast now assumes base salary wage growth of between 3.0 per cent to 3.5 per cent for 2023-24 and 2024-25, followed by a return to a historical average of approximately 2.4 per cent. The FAO's new wage assumption is based on observed wage growth terms in new public sector agreements. For example, the Province reached agreements with approximately 55,000 education workers who are members of the Canadian Union of Public Employees (CUPE) that provided an average annual wage increase of more than 3.0 per cent per year for four years, and Ontario Nurses' Association members were awarded wage increases of 3.5 per cent in 2023 and 3.0 per cent in 2024. Overall, the FAO estimates that the impact of elevated inflation on the cost of Ontario public sector salaries and wages will total \$8.0 billion from 2023-24 to 2027-28.

By sector, the government's spending plan contains three-year shortfalls in education (\$4.0 billion), health (\$2.2 billion), children, community and social services (\$1.7 billion) and justice (\$0.3 billion). These shortfalls are largely due to the government's decision to provide compensation for the impact of wage restraint under Bill 124, which the FAO has included in the program sectors.

These shortfalls are offset by excess funds in 'other programs' (\$11.4 billion), interest on debt (\$1.4 billion) and postsecondary education (\$3 million). The significant excess funds in 'other programs' is largely due to the government's contingency fund, which is typically used to fund new programs, enhance existing programs or address spending pressures that materialize. The FAO does not include the contingency fund in its spending forecast as the purpose of the funds has not yet been announced.

6. Risks to the Economic and Budget Outlook

Risks

There are a number of risks that could impact the FAO's economic and budget outlook over the projection. These factors pose both downside and upside risks to the FAO's outlook.

Global economic uncertainty

Multiple geopolitical conflicts, volatility in global energy and commodity prices, and shipping delays could impact inflation and continue to overshadow the recovery in global trade and international investment. However, stronger economic activity in the United States could support a faster pace of growth in Ontario's exports and increase provincial revenues.

Elevated inflation

If inflation proves more persistent than expected, the Bank of Canada may maintain its policy interest rate at a higher level for longer than anticipated. This would add further financial stress to households¹⁶ and dampen the housing market and household spending. Slower than expected economic growth would negatively affect provincial revenues, while elevated inflation would apply upward pressure on program spending.

Public sector wages

The FAO has adjusted its spending outlook assumptions for public sector wage growth to account for the estimated impact of retroactive compensation for Bill 124 and higher than historical wage increases that have been awarded due to elevated inflation and labour market shortages.¹⁷ However, many unions are still in negotiation or arbitration for new or revised collective agreements. Depending on the actual wage increases awarded in upcoming agreements, actual government spending on public sector wages may be higher or lower than the FAO's spending projection.

The Ontario Infrastructure Bank and the upload of the Gardiner Expressway and Don Valley Parkway

The FAO's spending outlook does not include the estimated cost of the newly announced Ontario Infrastructure Bank as the timing and structure of government funding is not yet known. Also, the FAO's spending projection does not include the estimated cost of the upload to the Province of the Gardiner Expressway and Don Valley Parkway due to uncertainty surrounding the implementation of the upload. The FAO will update its spending projection to account for these measures as details are finalized.

Budget balance and net debt sensitivities

To illustrate the impact of potential policy changes on Ontario's budget position, the FAO estimated the sensitivity of key budget indicators to changes in three main areas: tax policy, federal transfers and spending. For each policy item, Table 6.1 provides an estimate of the 2024-25 and 2027-28 change in the budget balance, the total change in net debt by 2027-28, and the change in the net debt-to-GDP ratio in 2027-28.

¹⁶ Ontario's household debt-to-income ratio rose to a record high in early 2022 and has remained highly elevated through the first three quarters of 2023. Statistics Canada: National Balance Sheet Accounts: [Table: 36-10-0665-01](#).

¹⁷ For example, in July 2023, Ontario Nurses' Association members were awarded wage increases of 3.5 per cent in 2023 and 3.0 per cent in 2024. In the decision, the arbitrator cited high inflation and severe shortages of Registered Nurses as reasons for awarding higher wage increases than the prior three years. See <https://www.ona.org/wp-content/uploads/participating-hospitals-ona-2023-hospital-decision.pdf>.

Table 6.1
Sensitivity of Ontario's budget balance and net debt to select factors

	Change in Budget Balance in:		Change in Net Debt by 2027-28	Change in Net Debt-to-GDP Ratio by 2027-28
	2024-25	2027-28		
Tax Policy				
Increasing/decreasing annual personal income taxes payable by \$500 for the average taxpayer	+/- \$5.3 billion	+/- \$6.7 billion	+/- \$23.9 billion	+/- 1.9 ppt
A one percentage point increase/decrease to the 11.5 per cent provincial corporate tax rate	+/- \$2.2 billion	+/- \$2.7 billion	+/- \$9.7 billion	+/- 0.8 ppt
A one percentage point increase/decrease to the 8 per cent provincial HST rate	+/- \$4.9 billion	+/- \$6.2 billion	+/- \$22.1 billion	+/- 1.7 ppt
Federal Transfers				
A sustained one percentage point increase/decrease in the growth rate of the Canada Health Transfer	+/- \$0.2 billion	+/- \$1.0 billion	+/- \$2.3 billion	+/- 0.2 ppt
A sustained one percentage point increase/decrease in the growth rate of the Canada Social Transfer	+/- \$0.1 billion	+/- \$0.3 billion	+/- \$0.8 billion	+/- 0.1 ppt
Spending Policy				
A sustained one percentage point increase/decrease in the growth rate of health sector spending	+/- \$0.9 billion	+/- \$4.2 billion	+/- \$9.8 billion	+/- 0.8 ppt
A sustained one percentage point increase/decrease in the growth rate of education sector spending	+/- \$0.4 billion	+/- \$1.9 billion	+/- \$4.4 billion	+/- 0.3 ppt
A sustained one percentage point increase/decrease in Ontario public sector salaries and wages	+/- \$0.6 billion	+/- \$2.6 billion	+/- \$6.2 billion	+/- 0.5 ppt
A one percentage point increase/decrease in the cost of Provincial borrowing	+/- \$0.4 billion	+/- \$1.6 billion	+/- \$4.2 billion	+/- 0.3 ppt

Note: These estimates include the associated impact to interest on debt but do not incorporate any economic feedback effects.

Source: FAO.

7. Appendix

Table A.1

FAO outlook for key revenue drivers

(Per Cent Growth)	2021a	2022a	2023f	2024f	2025f-2028f Average*
Nominal GDP					
FAO	9.8	9.2	4.2	3.1	4.1
2023 Ontario FES*	9.8	9.2	3.6	2.9	4.5
Labour Income					
FAO	9.4	8.8	6.7	4.3	4.1
2023 Ontario FES	9.4	8.8	6.3	3.9	4.5
Corporate Profits					
FAO	5.5	-5.9	-15.0	1.6	4.3
2023 Ontario FES	5.5	-5.9	-9.2	-3.1	6.2
Household Consumption					
FAO	7.5	13.2	6.0	3.4	4.1
2023 Ontario FES	7.5	13.2	5.4	3.6	4.5

a = Actual f = Forecast

* 2023 Ontario FES average is from 2025 to 2026.

Source: Ontario Economic Accounts, 2023 Ontario Economic Outlook and Fiscal Review and FAO.

Table A.2

FAO outlook for real GDP and select economic indicators

	2021a	2022a	2023a	2024f	2025f-2028f Average*
Real GDP (Per Cent Growth)					
FAO	5.4	3.9	1.2	0.7	2.0
2023 Ontario FES*	5.4	3.9	1.1	0.5	2.4
Employment (Per Cent Growth)					
FAO	5.2	4.6	2.4	0.4	1.5
2023 Ontario FES	5.2	4.6	2.4	0.8	1.7
Unemployment Rate (Per Cent)					
FAO	8.1	5.6	5.7	6.8	6.4
2023 Ontario FES	8.1	5.6	5.7	6.4	6.0
CPI Inflation (Per Cent)					
FAO	3.5	6.8	3.8	2.7	2.0
2023 Ontario FES	3.5	6.8	3.8	2.5	2.1
3-month Treasury Bill Rate (Per Cent)					
FAO	0.1	2.3	4.7	4.2	2.7
2023 Ontario FES	0.1	2.3	4.7	4.4	2.8
10-year Government Bond Rate (Per Cent)					
FAO	1.4	2.8	3.4	3.1	3.1
2023 Ontario FES	1.4	2.8	3.4	3.3	3.2

a = Actual f = Forecast

* 2023 Ontario FES average is from 2025 to 2026.

Note: For real GDP growth, 2023 is a projection.

Source: Statistics Canada, Ontario Economic Accounts, 2023 Ontario Economic Outlook and Fiscal Review and FAO.

Table A.3
FAO budget outlook

(\$ Billions)	2022-23a	2023-24f	2024-25f	2025-26f	2026-27f	2027-28f
Revenue						
Personal Income Tax	44.2	49.6	51.7	54.2	56.7	59.2
Annual Growth (Per Cent)	-5.4	12.3	4.1	4.9	4.6	4.4
Sales Tax	36.1	35.9	37.4	39.0	40.7	42.4
Annual Growth (Per Cent)	18.9	-0.5	4.1	4.4	4.4	4.1
Corporations Tax	27.8	23.2	23.8	24.8	25.8	26.8
Annual Growth (Per Cent)	10.2	-16.4	2.3	4.4	3.9	3.7
All Other Taxes	28.4	28.1	29.9	32.2	33.5	34.6
Annual Growth (Per Cent)	-3.1	-1.2	6.6	7.6	3.9	3.4
Total Taxation Revenue	136.5	136.9	142.8	150.3	156.7	163.0
Annual Growth (Per Cent)	3.7	0.3	4.3	5.3	4.3	4.0
Transfers from Government of Canada	31.3	34.5	35.9	37.0	39.0	40.6
Annual Growth (Per Cent)	2.1	10.4	3.9	3.1	5.5	4.1
Income from Government Business Enterprise	6.1	6.8	6.5	8.4	8.7	9.1
Annual Growth (Per Cent)	-4.8	10.7	-4.4	28.9	4.3	3.9
Other Non-Tax Revenue	19.0	18.7	19.0	19.8	20.5	21.3
Annual Growth (Per Cent)	16.1	-1.4	1.7	3.9	3.9	3.6
Total Revenue	192.9	196.9	204.1	215.4	225.0	234.0
Annual Growth (Per Cent)	4.2	2.1	3.7	5.5	4.5	4.0
Spending						
Health Sector	78.5	82.1	84.3	88.7	92.5	96.9
Annual Growth (Per Cent)	3.6	4.6	2.7	5.2	4.3	4.8
Education Sector*	36.2	38.0	39.2	40.6	42.1	43.1
Annual Growth (Per Cent)	14.7	4.9	3.3	3.5	3.5	2.4
Children, Community and Social Services Sector	18.1	19.3	20.5	21.1	21.7	22.2
Annual Growth (Per Cent)	6.2	6.4	6.1	3.1	2.6	2.4
Postsecondary Education Sector	11.6	12.2	12.6	12.9	13.4	14.0
Annual Growth (Per Cent)	9.6	4.6	3.1	3.0	3.8	4.0
Justice Sector	5.4	5.4	5.4	5.4	5.5	5.6
Annual Growth (Per Cent)	9.1	-0.3	1.2	-0.2	1.6	0.8
Other Programs*	36.5	32.3	34.1	33.9	33.5	34.0
Annual Growth (Per Cent)	19.5	-11.5	5.6	-0.8	-1.1	1.5
Total Program Spending	186.4	189.3	196.2	202.7	208.7	215.7
Annual Growth (Per Cent)	9.3	1.6	3.7	3.3	2.9	3.4
Interest on Debt	12.4	12.3	14.2	15.1	15.6	15.9
Annual Growth (Per Cent)	-1.5	-0.7	15.2	6.6	3.2	2.3
Total Spending	198.7	201.6	210.4	217.8	224.3	231.7
Annual Growth (Per Cent)	8.5	1.4	4.4	3.5	3.0	3.3
Budget Balance	-5.9	-4.7	-6.2	-2.4	0.7	2.3

a = Actual f = Forecast

* The Ontario Teachers' Pension Plan is included in the education sector.

Source: Ontario Public Accounts and FAO.

Table A.4
FAO debt outlook

(\$ Billions)	2022–23a	2023–24f	2024–25f	2025–26f	2026–27f	2027–28f
Budget Balance	-5.9	-4.7	-6.2	-2.4	0.7	2.3
Accumulated Deficit	246.8	251.5	257.7	260.1	259.4	257.1
Net Debt	400.5	415.2	435.6	452.2	464.4	472.6
<i>Net Debt-to-GDP (Per Cent)</i>	38.3	38.0	38.7	38.4	37.8	37.0

a = Actual f = Forecast

Source: Ontario Public Accounts and FAO.

Table A.5
Changes to FAO revenue projection since the Spring 2023 EBO, \$ billions

	FAO Revenue Projection Changes, \$ Billions					Total
	2023–24	2024–25	2025–26	2026–27	2027–28	
Spring 2023 EBO	201.1	210.7	221.8	231.1	239.7	-
New Government Measures	-0.3	-0.2	-0.1	-0.1	-0.1	-0.8
Forecast Updates	-3.8	-6.4	-6.3	-6.0	-5.7	-28.2
Total Changes	-4.2	-6.6	-6.4	-6.1	-5.8	-29.0
Winter 2024 EBO	196.9	204.1	215.4	225.0	234.0	-

Note: Positive values indicate the FAO revised its revenue projection higher, while negative values indicate lower revenue. Forecast updates include the impact of updated economic projections and other factors.

Source: FAO.

Table A.6
Changes to FAO spending projection since the Spring 2023 EBO, \$ billions

	FAO Program Spending Projection Changes, \$ Billions					Total
	2023–24	2024–25	2025–26	2026–27	2027–28	
Spring 2023 EBO	198.1	203.4	211.2	216.3	223.3	-
New Government Measures	3.1	3.9	3.4	3.3	2.9	16.6
Forecast Updates	0.4	3.1	3.2	4.7	5.4	16.8
Total Changes	3.5	7.0	6.6	7.9	8.4	33.4
Winter 2024 EBO	201.6	210.4	217.8	224.3	231.7	-

Note: Positive values indicate the FAO revised its spending projection higher, while negative values indicate lower spending. Forecast updates include the impact of updated economic projections and other factors.

Source: FAO.

Table A.7
Differences in the FAO's and government's budget outlook, \$ billions

	2023-24	2024-25	2025-26
Budget Balance - 2023 Ontario Economic Outlook and Fiscal Review	-5.6	-5.3	0.5
Difference in FAO Projection (see Table Notes)			
Revenue	-4.9	-2.5	-4.6
Program Spending	3.7	0.0	-0.4
Interest on Debt Expense	1.1	0.2	0.1
Reserve	1.0	1.5	2.0
Total Difference	0.9	-0.9	-2.9
Budget Balance - FAO Winter 2024 EBO	-4.7	-6.2	-2.4

Note: Positive values represent improvements in the budget balance projection compared to the government's projection, while negative values represent deteriorations in the budget balance projection compared to the government's.

Source: 2023 Ontario Economic Outlook and Fiscal Review and FAO.

TAB 81

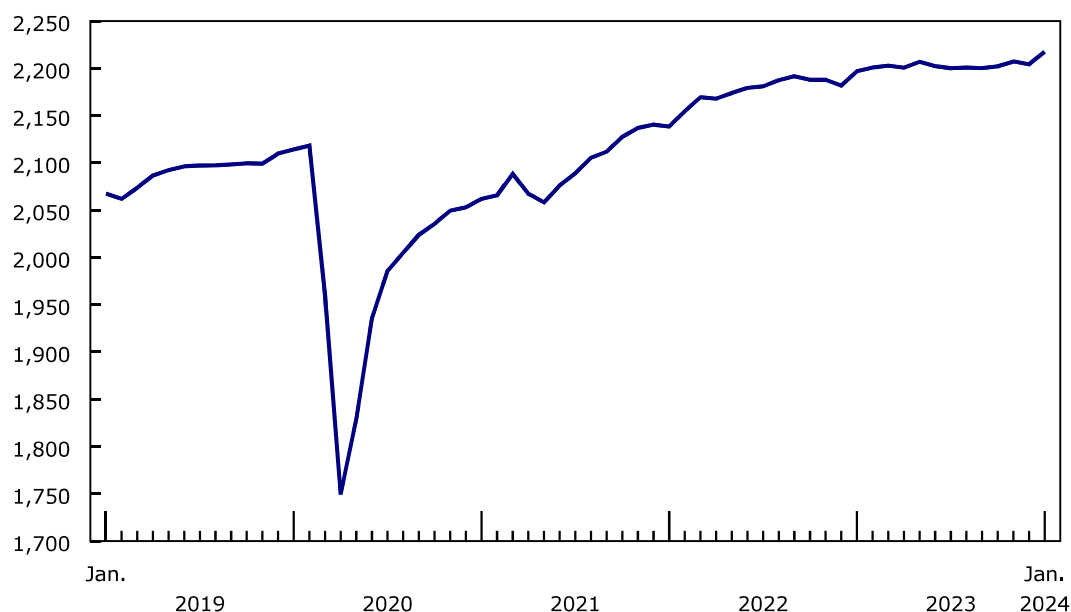
Gross domestic product by industry, January 2024

Released at 8:30 a.m. Eastern time in *The Daily*, Thursday, March 28, 2024

Real gross domestic product (GDP) grew 0.6% in January. Services-producing industries increased 0.7% in January, led by a rebound in educational services following the resolution of the public sector strikes in Quebec in November and December. Goods-producing industries were up 0.2% in January 2024 with the utilities and manufacturing sectors rebounding from declines in the previous month. Overall, there was broad-based growth with 18 of 20 sectors increasing in January.

Chart 1
Real gross domestic product rises 0.6% in January

billions of chained (2017) dollars—all industries



Source(s): Table [36-10-0434-01](#).

Public sector rebounds from previous two months of declines

The public sector (consisting of educational services, health care and social assistance and public administration) increased 1.9% in January after two consecutive monthly declines.



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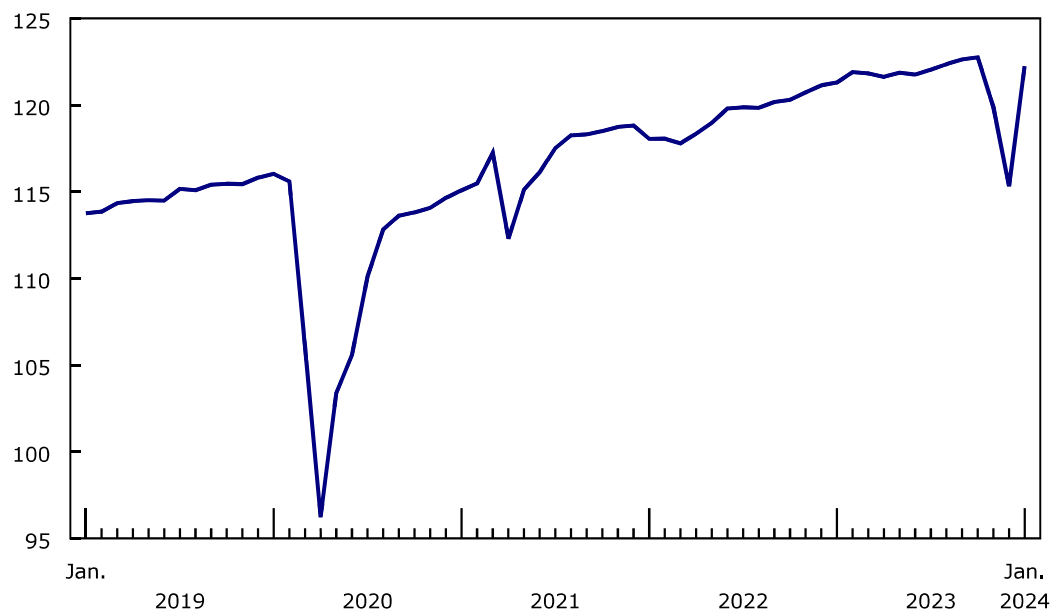
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Chart 2

The educational services sector rebounds in January

gross domestic product in billions of chained (2017) dollars



Source(s): Table [36-10-0434-01](#).

The educational services sector (+6.0%) was the largest contributor to growth in January as activity rebounded from the declines recorded in November and December that resulted from the public sector workers' strikes in Quebec. The elementary and secondary schools industry group (+10.2%) was the largest contributor to growth in January 2024 after being the largest detractor to growth in December. The beginning of a strike by the Saskatchewan Teachers' Federation, which represents around 13,500 Saskatchewan teachers, tempered some of the sector's growth in January.

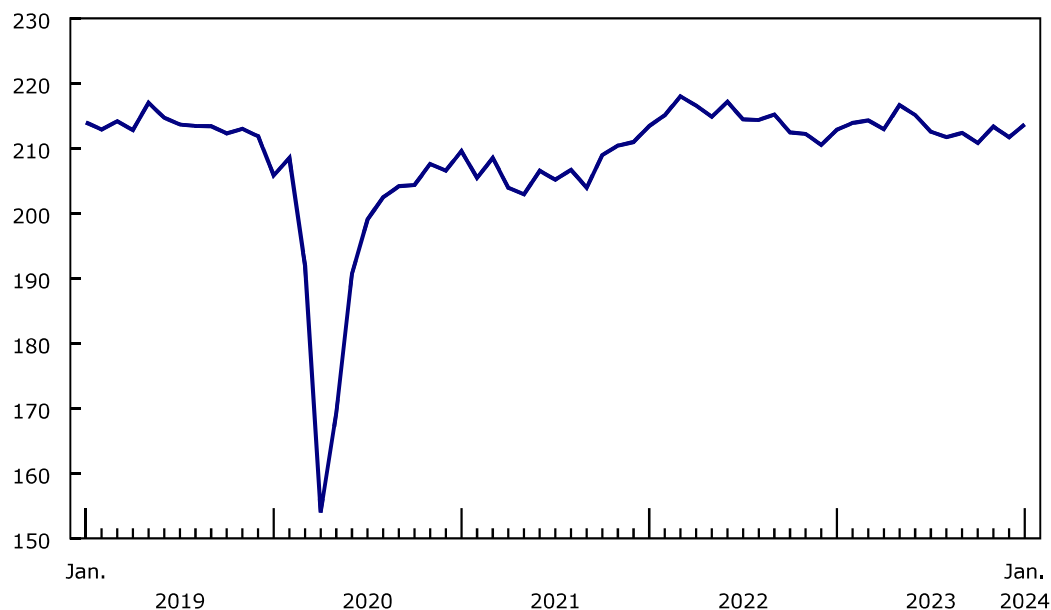
The health care and social assistance sector, which was also impacted by Quebec's public sector workers' strike in November and December, rose 0.8% in January. This was the largest growth rate since October 2020.

Manufacturing fully recoups December's decline

The manufacturing sector fully recouped December's decline with a 0.9% increase in January.

Chart 3 Manufacturing sector fully recoups December's decline

gross domestic product in billions of chained (2017) dollars



Source(s): Table [36-10-0434-01](#).

Durable goods manufacturing (+0.9%) contributed the most to the increase in January and was largely a result of an increase in the transportation equipment manufacturing subsector (+3.0%). Following four consecutive monthly declines, the motor vehicle manufacturing industry increased 4.9% in January, as [production resumed at some auto assembly plants following retooling-induced partial shutdowns in the previous months](#). Motor vehicle parts (+3.5%) rebounded as well in January, following a 3.7% drop in December.

Non-durable goods manufacturing increased 1.0% in January as five of nine subsectors expanded.

Utilities up and rail transportation down amid severe winter conditions in parts of the country

A sudden drop in temperatures mid-January in parts of the country contributed to increased activity in the utilities sector (+3.2%), posting its largest growth rate since January 2022. Electric power generation, transmission and distribution expanded 3.4% in January 2024. Surging demand in western parts of the country pushed the [generating capacity to the limit and even brought with it a potential of rotating blackouts](#). Natural gas distribution further contributed to the growth with a 3.4% increase.

Rail transportation fell for the second consecutive month, contracting 4.9% in January, as severe winter weather conditions in Western Canada forced train operators to adjust operations and restrict train lengths to maintain safety.

The mining, quarrying and oil and gas extraction sector contracts in January

Following three consecutive monthly increases, the mining, quarrying and oil and gas extraction sector declined 1.9% in January, as two of three subsectors contracted.

Oil and gas extraction dropped 4.4% in January, after reaching a [record high level the month prior](#). Production declined as frigid temperatures impacted the Prairies during parts of January.

Oil sands extraction decreased 5.2% in January, the largest monthly contraction since August 2020 (-7.7%), as production of synthetic crude along with crude bitumen extraction in Alberta dropped in January 2024. Oil and gas extraction (except oil sands) contracted 3.6% in January, as lower crude oil extraction in Alberta along with lower production coming from Canada's North Atlantic coast contributed to the decline.

Pipeline transportation decreased 1.8% in January, its largest contraction since May 2023. Crude oil and other pipeline transportation was down 4.4% in January 2024 as exports to the United States contracted in the month. Pipeline transportation of natural gas was up 0.8%, despite a decrease in storage and exports. Natural gas distribution, particularly to residential consumers, rose in January, as increased demand for heating purposes in parts of the country contributed to the increase.

Mining and quarrying (except oil and gas) declined 0.7% in January after three consecutive months of growth. Coal mining (-14.4%) contributed the most to the decline, with its largest monthly contraction since March 2022. Declines in January 2024 were largely concentrated in mines located in Nova Scotia and Alberta due to factors such as reclamation and a shift from coal to natural gas as input to an electricity generation plant.

The real estate and rental and leasing sector grows on higher resale activity

Real estate and rental and leasing (+0.4%) grew for the third consecutive month, as activity at the offices of real estate agents and brokers (+4.0%) drove the gain in January. Higher activity in the Greater Toronto Area, Hamilton-Burlington and most markets in Ontario's Greater Golden Horseshoe contributed to the growth.

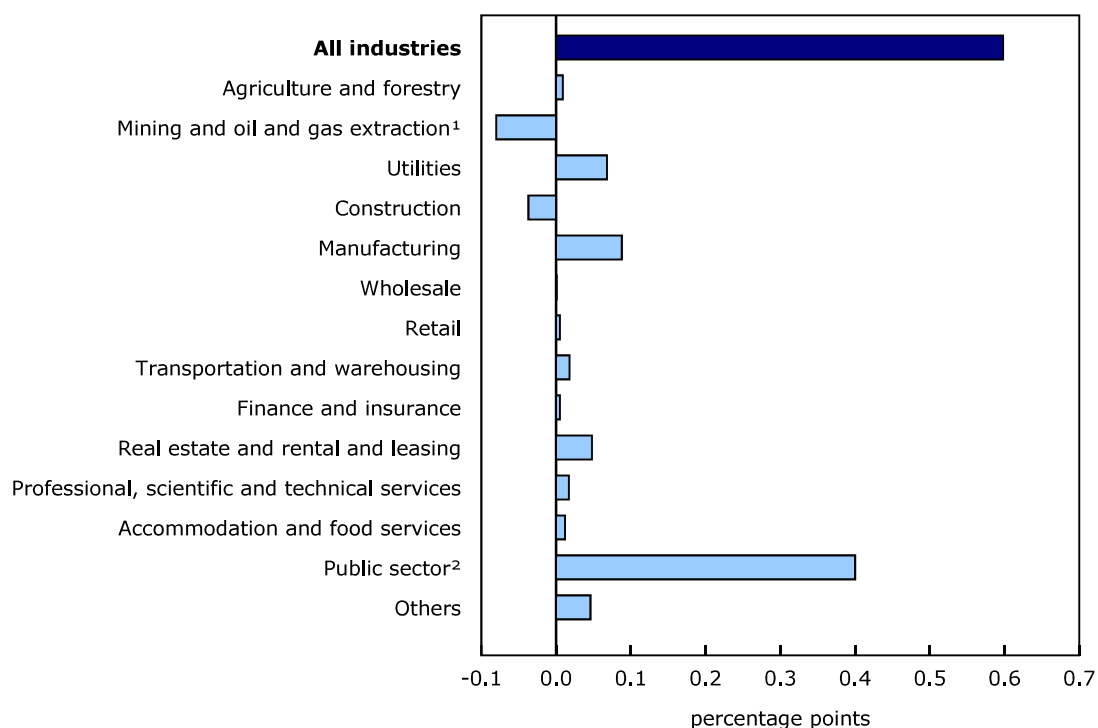
Information and cultural services

Information and cultural services (+1.0%) grew for the third consecutive month in January and posted its largest growth rate since August 2021.

The motion picture and sound recording industry (+12.0%) contributed the most to the increase in January 2024, as activity continued to ramp up following the end of the Screen Actors Guild – American Federation of Television and Radio Artists (SAG-AFTRA) strike in November. A number of television shows and other productions started or resumed in Toronto and Vancouver areas in the month.

Chart 4

Main industrial sectors' contribution to the percent change in gross domestic product in January



1. Includes quarrying.

2. Educational services, health care and social assistance, and public administration.

Source(s): Gross domestic product by industry (1301).

Advance estimate for real gross domestic product by industry for February 2024

Advance information indicates that real GDP rose 0.4% in February. Broad-based increases, with main contributions from mining, quarrying, and oil and gas extraction, manufacturing, and finance and insurance, were partially offset by decreases in utilities. Owing to its preliminary nature, this estimate will be updated on April 30, 2024, with the release of the official GDP by industry data for February.

Sustainable development goals

On January 1, 2016, the world officially began implementing the [2030 Agenda for Sustainable Development](#)—the United Nations' transformative plan of action that addresses urgent global challenges over the following 15 years. The plan is based on 17 specific sustainable development goals.

The release on gross domestic product by industry is an example of how Statistics Canada supports monitoring the progress of global sustainable development goals. This release will be used to help measure the following goal:



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Note to readers

Monthly data on gross domestic product (GDP) by industry at basic prices are chained volume estimates with 2017 as the reference year. This means that the data for each industry and each aggregate are obtained from a chained volume index multiplied by the industry's value added in 2017. The monthly data are benchmarked to annually chained Fisher volume indexes of GDP obtained from the constant-price supply and use tables (SUT) up to the latest SUT year (2020).

For the period starting in January 2021, data are derived by chaining a fixed-weight Laspeyres volume index to the prior period. The fixed weights are 2020 industry prices.

This approach makes the monthly GDP by industry data more comparable with expenditure-based GDP data, which are chained quarterly.

All data in this release are seasonally adjusted. For information on seasonal adjustment, see [Seasonally adjusted data – Frequently asked questions](#).

An advance estimate of industrial production for February 2024 is available upon request.

For more information on GDP, see the video "[What is Gross Domestic Product \(GDP\)?](#)."

Revisions

Each month, newly available administrative and survey data from various industries in the economy are integrated, resulting in statistical revisions. Updated and revised administrative data (including taxation statistics), new information provided by respondents to industry surveys, and standard changes to seasonal adjustment calculations are incorporated with each release.

With this release of monthly GDP by industry, revisions have been made back to January 2023.

The January advance estimate presented in the previous release was updated in the current reference month. Updated data for the manufacturing, transportation and utilities sectors contributed the most to the estimate update.

To satisfy the opposing goals for both timeliness and accuracy, Statistics Canada regularly updates (revises) its estimates of GDP. For more information about GDP revisions cycles, please consult the "[Revisions to Canada's GDP](#)" article in the Latest Developments in the Canadian Economic Accounts ([13-605-X](#)).

Real-time table

Real-time table 36-10-0491-01 will be updated on April 8, 2024.

Next release

Data on real GDP by industry for February will be released on April 30.

Table 1
Monthly gross domestic product by industry at basic prices in chained (2017) dollars –
Seasonally adjusted

	August 2023 ^r	September 2023 ^r	October 2023 ^r	November 2023 ^r	December 2023 ^r	January 2024 ^p	January 2024 ^p	January 2023 ^r to January 2024 ^p
	month-to-month % change						millions of dollars ¹	% change
All industries	0.0	-0.0	0.1	0.2	-0.1	0.6	2,217,503	0.9
Goods-producing industries	-0.3	-0.1	0.0	0.8	-0.5	0.2	572,938	-1.1
Agriculture, forestry, fishing and hunting	-1.5	-1.0	1.5	1.4	1.1	0.5	40,445	-4.6
Mining, quarrying, and oil and gas extraction	0.2	-1.5	1.9	1.1	1.9	-1.9	113,645	0.5
Utilities	-0.9	0.4	0.2	2.1	-3.7	3.2	45,327	0.3
Construction	-0.0	0.2	-0.3	-0.4	-0.7	-0.5	161,094	-3.5
Manufacturing	-0.4	0.3	-0.7	1.2	-0.8	0.9	213,686	0.4
Services-producing industries	0.1	-0.0	0.1	0.1	-0.0	0.7	1,642,851	1.6
Wholesale trade	1.0	-0.6	0.3	1.1	-0.1	0.0	120,563	0.3
Retail trade	-0.1	0.1	0.8	0.1	0.6	0.1	116,676	2.2
Transportation and warehousing	0.9	0.2	0.1	0.9	-0.2	0.4	92,499	3.6
Information and cultural industries	-0.4	-0.2	-0.2	0.6	0.5	1.0	74,069	0.4
Finance and insurance	0.2	-0.2	0.1	-0.2	0.8	0.1	158,115	1.0
Real estate, and rental and leasing	0.0	0.0	-0.2	0.1	0.5	0.4	295,455	2.6
Professional, scientific and technical services	0.0	-0.1	-0.0	0.0	0.2	0.2	157,804	0.8
Management of companies and enterprises	-2.5	-3.8	-4.0	-5.3	-1.3	0.3	1,174	-30.5
Administrative and support, waste management and remediation services	-0.2	0.1	-0.1	0.1	0.2	0.2	55,795	-0.2
Educational services	0.3	0.2	0.1	-2.3	-3.8	6.0	122,237	0.8
Health care and social assistance	0.3	0.3	0.2	0.1	-0.2	0.8	176,044	2.3
Arts, entertainment and recreation	-0.8	-2.0	-0.1	1.0	-0.1	1.0	17,158	-2.1
Accommodation and food services	-1.1	0.6	0.7	0.8	1.0	0.6	45,256	0.2
Other services (except public administration)	-0.1	-0.1	0.0	0.4	0.2	0.0	45,052	1.3
Public administration	0.2	0.0	0.1	0.0	0.1	0.1	166,108	2.3
Other aggregations								
Industrial production	-0.3	-0.1	0.1	1.3	-0.5	0.5	379,137	0.5
Non-durable manufacturing industries	-0.6	0.5	0.3	1.5	-0.7	1.0	97,308	1.6
Durable manufacturing industries	-0.3	0.1	-1.5	0.9	-0.9	0.9	116,343	-0.6
Information and communication technologies industries	0.1	-0.1	-0.1	-0.2	-0.2	0.8	125,389	-0.1
Energy sector	-1.1	-1.2	1.1	2.0	-0.2	-0.7	149,487	1.0
Public sector	0.2	0.2	0.2	-0.6	-1.0	1.9	464,448	1.9

^r revised

^p preliminary

1. At annual rates.

Source(s): Table 36-10-0434-01.

Available tables: [36-10-0434-01](#) and [36-10-0449-01](#).

Definitions, data sources and methods: survey number [1301](#).

The *User Guide: Canadian System of Macroeconomic Accounts* ([13-606-G](#)) is available.

The *Methodological Guide: Canadian System of Macroeconomic Accounts* ([13-607-X](#)) is also available.

The [Economic accounts statistics](#) portal, accessible from the *Subjects* module of the Statistics Canada website, features an up-to-date portrait of national and provincial economies and their structure.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; infostats@statcan.gc.ca) or Media Relations (statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca).

TAB 82

ECONOMY

'Robust' GDP growth to start 2024 puts Bank of Canada in tough spot: economists



By **Craig Lord** • Global News

Posted March 28, 2024 8:37 am ✓

4 min read

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The Canadian economy is outperforming expectations to start the year, according to Statistics Canada data. The agency reports that real gross domestic product (GDP) in the first month of 2024 rose 0.6 per cent from December, beating most economists' expectations. Anne Gaviola has more on what's behind January's surprise GDP strength in Business Matters for Thursday, March 28 – Mar 28, 2024



-A A+

The **Canadian economy** is outperforming expectations to start 2024, Statistics Canada data shows.

The agency said Thursday that real gross domestic product in the first month of the year rose 0.6 per cent from December, beating most economists expectations.

The ends and beginnings of some labour disruptions were creating a few one-time impacts on the economy in January, Statistics Canada said.

StatCan pointed to a rebound in education services, tied largely to the end of public sector strikes in Quebec, as driving the growth in January. The beginning of a strike by the Saskatchewan Teachers' Federation in the month hindered growth to a degree, StatCan added.

The agency also said that an end to the Screen Actors Guild – American Federation of Television and Radio Artists (SAG-AFTRA) strike in November meant that film and TV production in Toronto and Vancouver picked back up in January, driving growth in this sector.

Canada's real estate, rental and leasing sector meanwhile grew for the third consecutive month. Higher sales in Ontario's Golden Horseshoe area were responsible for the gains, StatCan said.



The manufacturing industry in January also fully offset declines seen in December, StatCan said. Output from the automotive sector snapped a four-month streak of declines as production resumed at some auto assembly plants at the start of the year.

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Oil and gas extraction was down in January, tempering gains for the overall economy.

Initial estimates show real GDP is expected to have kept growing at a clip of 0.4 per cent monthly in February, though StatCan cautions that those early readings can be revised.

With signs of a strong start to the year, real GDP is tracking for an annualized gain of 3.5 per cent in the first quarter, well above the Bank of Canada's expectations for 0.5 per cent.

BMO chief economist Doug Porter said in a note to clients Thursday morning that the early signs of growth could prove to be a "statistical illusion." The economy was off to a hot start this time last year amid a similarly mild winter, he notes, but effectively stalled through the rest of 2023.

The country **narrowly avoided falling into a technical recession** in 2023, according to StatCan data.

'Robust' growth puts Bank of Canada in tough spot

Economic growth has been slowing nationally amid higher interest rates from the Bank of Canada aimed at taming inflation.

Inflation has shown signs of slowing – dropping to 2.8 per cent annually in February – but the Bank of Canada is looking for signs growth is still cooling as it weighs whether or not interest rates need to remain elevated.

Policymakers have also said they do not want to leave rates high for too long and risk a worse economic outcome.

Trending Now

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Porter said that the economy's "surprisingly healthy" start to 2024 could make the Bank of Canada a "bit less comfortable with the inflation outlook."

BMO is maintaining its call for interest rate cuts to begin in June, though Porter notes that signs of similar economic strength in the second quarter would give the central bank "much less urgency to cut rates any time soon."

CIBC senior economist Andrew Grantham also said Thursday that the January GDP figures give the Bank of Canada “no urgency” to ease its policy rate. He said in a note to clients however that much of the growth seems to be tied to the lifting of supply constraints rather than fresh spending demand from Canadians that would fuel inflation.

TD Bank economist Marc Ecolao said in a note he is less convinced of a spring rate cut, calling the January growth figures “robust” and a “more difficult challenge” for the Bank of Canada.

“Over the past two months, the Bank has received solid evidence that inflation is cooperating, but strong GDP data prints like today’s will keep them on their toes. Market pricing is still hopeful of a first interest rate cut happening in June, though we think a July cut is more likely,” Ecolao wrote.

Money markets slightly trimmed their bets for a first 25 basis point rate cut in June to 69 per cent from just over 70 per cent before the GDP numbers were released, according to Reuters.

The Bank of Canada is widely expected to hold its key rate steady at its next decision on April 10 and a rate cut in July is fully priced into the markets. The central bank will also release revised forecasts for inflation and the economy at its April policy decision.

– *with files from Reuters*

MORE ON MONEY

- ‘Pink tax’: Calls grow to scrap ‘unfair’ prices on women’s products
- Is it safe to fly during a solar eclipse? How airlines are preparing
- Why climate change on the farm means a high cost for Canadian taxpayers

TAB 83



The province records another year of strong employment growth

2023

Summary

This report provides an update on Ontario's labour market performance in 2022. It presents a summary of the overall labour market in the province, followed by information for demographic groups, industries, major cities and other provinces. The report also highlights some major challenges facing Ontario's labour market.

Ontario's labour market records another strong year in 2022

- Ontario's strong post-pandemic job creation continued in 2022, with employment increasing by 338,300 jobs (or 4.6 per cent). When combined with the rise in 2021, this marks the strongest two-year period of job gains on record. The annual unemployment rate in the province dropped to 5.6 per cent, the same as the pre-pandemic rate observed in 2019.

Nearly all groups of workers saw job gains

- Ontario's job gains were broad-based across all major age groups and genders. The share of the core-aged population (25-54) that was employed reached a record in 2022, with the rate for females climbing to an all-time high.
- The majority of job gains in 2022 were concentrated in full-time, private sector, and permanent positions. Self-employment in Ontario increased modestly following two years of decline – this weakness may reflect record job openings in paid employment as well as a shift in people's willingness to pursue self-employment.
- After declining for two consecutive years, the number of workers 55 years and older who reported leaving their job due to retirement increased sharply by 41.8 per cent in 2022.
- Nearly all major industry groups saw employment gains. Professional, scientific and technical services recorded the largest job gains for the second consecutive year.
- Employment increased across all major Ontario cities. However, employment in Greater Sudbury, Thunder Bay and Brantford remained below the pre-pandemic 2019 level.

Wage gains for most workers trailed inflation

- The average hourly wage rate in Ontario increased 4.2 per cent to \$32.94 in 2022, marking the second consecutive year when wage growth did not keep up with inflation. Only two out of 16 industry groups and five out of 34 occupation groups saw their wages grow above the 6.8 per cent average annual CPI inflation rate in 2022.

While labour market tightness challenges persist, some industries still weak

- Hiring challenges persisted in 2022. Of all job vacancies in Ontario, 36.3 per cent remained unfilled for 90 days or more, reaching a record high in the third quarter of 2022. In addition, a record 5.2 per cent of employees were absent from work either a full week or part of a week due to illness or disability in 2022.
- Five industries out of 16 remained below their pre-pandemic 2019 level of employment including accommodation and food services, other services, business, building and other support services, agriculture, and transportation and warehousing.

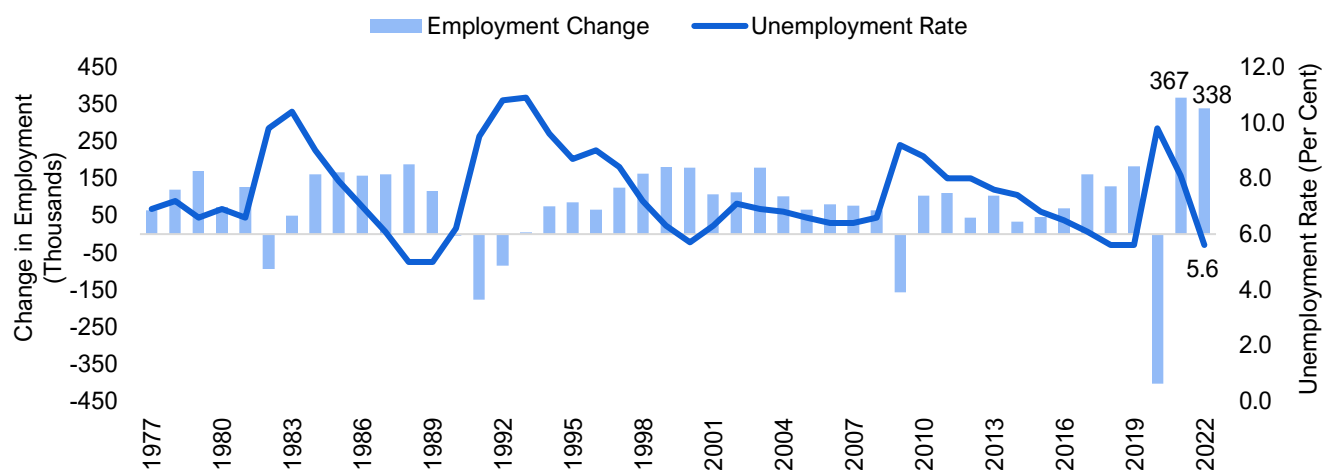
Ontario's labour market records another strong year in 2022

According to Statistics Canada's Labour Force Survey, Ontario's strong post-pandemic job creation continued in 2022, with employment rising by 338,300 jobs (or 4.6 per cent). When combined with the healthy employment increase in 2021, Ontario has experienced the strongest two-year period of job gains on record.

The average annual unemployment rate in the province dropped to 5.6 per cent in 2022, down from 8.1 per cent in 2021. This brought the annual unemployment rate to same as the pre-pandemic rate observed in 2019.

Figure 1

Record job gains in Ontario during the past two years



Source: Statistics Canada and FAO.

Youth and core-aged workers experienced strong pace of job gains while older workers saw slower growth

In 2022, employment increased across all broad age and gender categories in Ontario. Young workers (15-24) recorded an 8.4 per cent rise in employment, the strongest pace of job growth compared to other major age groups. Female youth employment surpassed the pre-pandemic 2019 level, while employment among their male counterparts remained slightly below that threshold. Core-aged workers (25-54) experienced a job gain of 4.6 per cent in 2022, with the employment increase for males modestly faster than for females. Importantly, the employment rate of core-aged workers reached a record high of 83.9 per cent, as the rate for female workers climbed to an all-time high.

Among all the age groups, older workers (55 and over) saw the slowest pace of job growth in 2022 at 2.2 per cent. After declining for two consecutive years by 21.8 per cent, the number of workers 55 years and older who reported leaving their job in the past 12 months due to retirement increased by 41.8 per cent in 2022. Despite this surge, on a proportional basis, retirements in 2022 were similar to pre-pandemic rates. For female workers in the 55-64 age group, the proportion reached a record high.

All age and gender groups saw their unemployment rate decline in 2022. However, the unemployment rate remained slightly elevated compared to the pre-pandemic 2019 rate for core-aged female workers and older workers across both genders.

Table 1

Summary of labour market outcomes for demographic groups

Age and Gender	Annual Employment Change in 2022 (Thousands)	Annual Employment Change in 2022 (Per Cent)	Unemployment Rate (Per Cent)		
			2020	2021	2022
Youth (15-24 years)	79.2	8.4	22.1	15.9	11.5
Males	31.4	6.4	22.3	16.5	12.4
Females	47.8	10.4	22.0	15.2	10.6
Core (25-54 years)	222.5	4.6	7.9	6.7	4.6
Males	122.7	4.9	7.7	6.6	4.3
Females	99.8	4.3	8.1	6.8	5.0
Older (55 years and over)	36.6	2.2	7.3	7.4	4.6
Males	14.4	1.6	7.1	7.2	4.5
Females	22.2	3.0	7.5	7.8	4.7
Total	338.3	4.6	9.8	8.1	5.6

Source: Statistics Canada and FAO.

Ontario saw broad based job gains across different types of employment categories

Employment grew across all major employment types. The majority of the job gains in 2022 were concentrated in full-time, private sector, and permanent positions. The pace of employment growth was generally similar across most types of jobs, except for those self-employed.

The number of self-employed Ontarians increased by merely 900 (0.1 per cent) in 2022, following two years of decline. This three-year period of weakness may reflect record job openings for paid employment as well as a shift in willingness to pursue self-employment in uncertain times. Since 2019, 62.5 per cent of the decline in self-employment was driven by self-employed individuals who were unincorporated and had no paid help.

Table 2

Ontario experienced broad-based employment gains

Type of Employment	Annual Employment Change in 2022 (Thousands)	Annual Employment Change in 2022 (Per Cent)
Full-time	283.5	4.7
Part-time	54.8	4.2
Class of Workers		
Private	250.8	5.1
Public	86.6	6.1
Self-employed	0.9	0.1
Job Permanency of Paid Employment*		
Permanent	295.7	5.3
Temporary	41.7	5.8
Total	338.3	4.6

*Paid employment does not include self-employment.

Source: Statistics Canada and FAO.

Most industries in Ontario saw strong job growth in 2022

Of the 16 major industries in Ontario, 15 saw an increase in employment in 2022. Professional, scientific and technical services recorded the largest increase in employment (51,000, or 6.8 per cent) for the second consecutive year. The construction sector also had healthy job growth, with employment rising a strong 49,300 (or 9.2 per cent). Health care and social assistance, one of the largest sources of employment in Ontario, saw job growth of 34,400 (3.8 per cent) in 2022. Other services recorded a decline in employment of -5,600 (-2.2 per cent) in 2022, marking the third year of persistent job loss.¹

Table 3

The majority of the industries saw job gains in 2022

Industry	Annual Employment Change in 2022 (Thousands)	Annual Employment Change in 2022 (Per Cent)
Professional, scientific and technical services	51.0	6.8
Construction	49.3	9.2
Finance, insurance, real estate, rental and leasing	41.1	6.5
Wholesale and retail trade	34.5	3.1
Health care and social assistance	34.4	3.8
Public administration	27.6	6.7
Accommodation and food services	26.5	7.1
Information, culture and recreation	18.1	6.1
Transportation and warehousing	12.7	3.5
Educational services	12.2	2.2
Manufacturing	11.9	1.5
Utilities	8.6	16.7
Business, building and other support services	8.4	3.0
Agriculture	5.0	7.5
Forestry, fishing, mining, quarrying, oil and gas	2.5	7.2
Other services (except public administration)	-5.6	-2.2

Source: Statistics Canada and FAO.

Employment grew across all Census Metropolitan Areas

All census metropolitan areas (CMAs) in Ontario saw an increase in employment in 2022. Belleville (14.8 per cent), St. Catharines-Niagara (11.5 per cent), and Kingston (8.1 per cent) had the fastest pace of job creation. In contrast, Thunder Bay (1.3 per cent), Hamilton (2.2 per cent), and Kitchener-Cambridge-Waterloo (3.3 per cent) experienced relatively slow rates of employment growth.

Despite seeing job growth in 2022, both the major cities in northern Ontario remained below the pre-pandemic level of employment. Total employment in Greater Sudbury remained 2.2 per cent below the pre-pandemic 2019 level while Thunder Bay remained 2.1 per cent below. Employment in Brantford was 1.3 per cent below the pre-pandemic 2019 level.

All major cities saw their unemployment rate decline in 2022. Across the CMAs, the highest unemployment rates in 2022 were recorded in Windsor (7.7 per cent) and Toronto (6.4 per cent). Belleville had the lowest unemployment rate at 3.7 per cent in 2022.

¹ Other services include industries related to repair and maintenance of motor vehicles, machinery and equipment, and other products, personal care services, funeral services, laundry services, and other services to individuals, religious, grant-making, civic, and professional and similar organizations, as well as private households engaged in employing workers such as cooks, maids, gardeners or caretakers, and babysitting. For details, see [North American Industry Classification System \(NAICS\) Canada 2017 Version 3.0](#).

Table 4

All Census Metropolitan Areas experienced job growth and lower unemployment rates in 2022

Census Metropolitan Area	Annual Change in Employment, 2022 (Per Cent)	Unemployment Rate (Per Cent)	
		2021	2022
Belleville	14.8	8.4	3.7
St. Catharines-Niagara	11.5	10.3	5.2
Kingston	8.1	7.5	5.5
Barrie	7.6	8.1	5.5
Oshawa	7.3	7.8	5.3
London	4.8	7.9	5.7
Brantford	4.7	7.1	5.1
Toronto	4.7	9.3	6.4
Guelph	4.3	6.8	4.2
Peterborough	4.1	7.8	4.5
Greater Sudbury	4.0	7.5	4.3
Windsor	3.8	9.7	7.7
Ottawa-Gatineau, Ontario part	3.4	6.1	4.2
Kitchener-Cambridge-Waterloo	3.3	6.3	5.7
Hamilton	2.2	6.9	4.9
Thunder Bay	1.3	7.3	4.9

Source: Statistics Canada and FAO.

All provinces experienced employment growth in 2022

On an average annual basis, all provinces experienced job gains in 2022. Ontario's employment growth (4.6 per cent) was the third fastest pace of job gains, trailing Prince Edward Island (5.4 per cent) and Alberta (5.2 per cent). The unemployment rate also dropped across all the provinces. In 2022, Ontario recorded the fifth lowest unemployment rate in the country, trailing British Columbia, Saskatchewan, Manitoba and Quebec.

Table 5

Ontario experienced the third fastest pace of job gains among all the provinces in 2022

Province	Annual Change in Employment, 2022 (Per Cent)	Unemployment Rate (Per Cent)	
		2021	2022
Prince Edward Island	5.4	9.7	7.6
Alberta	5.2	8.6	5.8
Ontario	4.6	8.1	5.6
Newfoundland and Labrador	4.4	13.1	11.3
Nova Scotia	3.6	8.6	6.5
Saskatchewan	3.5	6.6	4.7
Manitoba	3.2	6.5	4.6
British Columbia	3.2	6.6	4.6
Quebec	3.0	6.1	4.3
New Brunswick	2.8	9.2	7.2
Canada	4.0	7.5	5.3

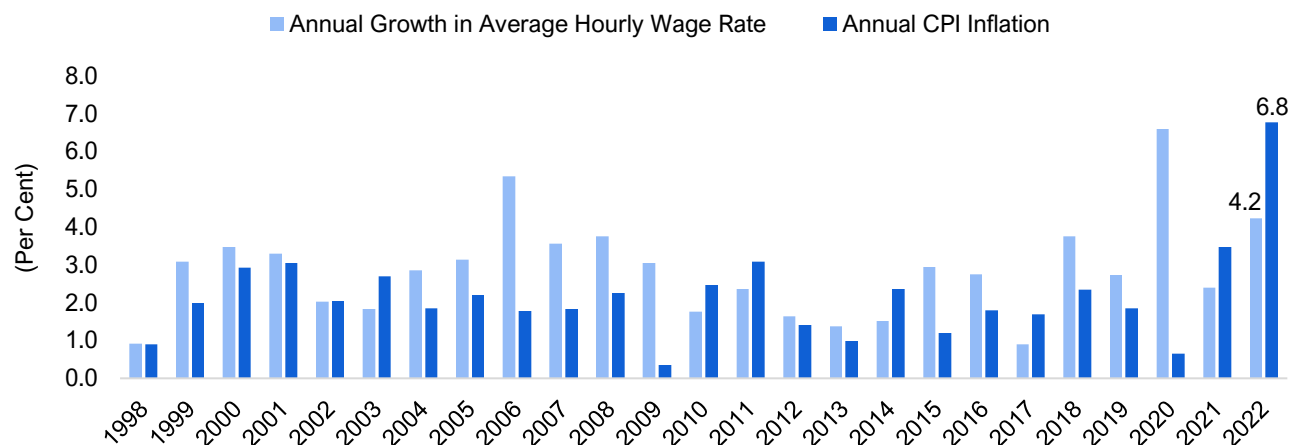
Source: Statistics Canada and FAO.

Wage growth in Ontario lagged inflation for the second consecutive year

The average hourly wage of Ontarians increased 4.2 per cent to \$32.94 in 2022, below the 6.8 per cent CPI inflation rate. This marked the second consecutive year when wage growth did not keep up with inflation.

Figure 2

Average hourly wage growth did not keep up with inflation for the second consecutive year

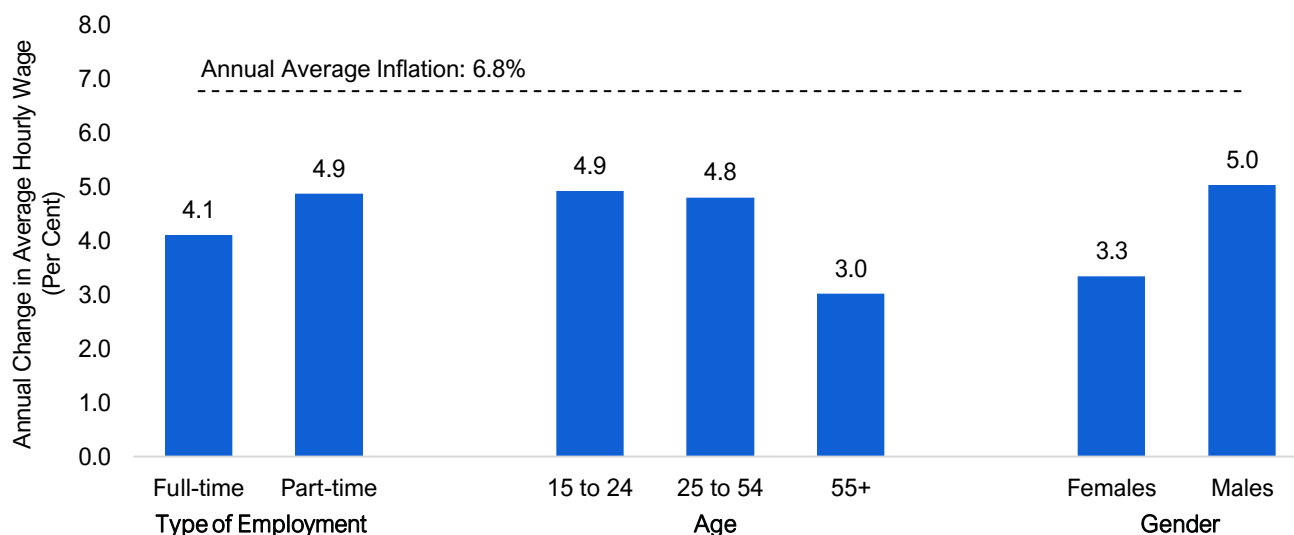


Source: Statistics Canada and FAO.

Wage growth remained below the inflation rate for all major groups. Wages for full-time employees increased 4.1 per cent, lower than the 4.9 per cent growth experienced by part-time workers. Across the broader age groups, young workers saw average wage gains of 4.9 per cent, followed by core-age workers (4.8 per cent), and older workers (3.0 per cent). Average wage growth for male workers (5.0 per cent) outpaced that for female workers (3.3 per cent).

Figure 3

Average hourly wage growth remained below inflation for all major groups



Source: Statistics Canada and FAO.

Wage growth across most industries and occupations did not keep up with inflation

Of the 16 major industry groups, only two industries saw their average hourly wage rate increase faster than inflation. Professional, scientific and technical services — an industry which had the second highest average hourly wage rate among all industries as well as the largest increase in employment in 2022 — recorded the strongest annual wage growth (9.0 per cent). The second highest wage growth (8.9 per cent) was recorded by accommodation and food services — an industry which had the lowest average hourly wage rate among all the industries, but the highest rate of job vacancy² as of the third quarter of 2022. Wage growth for workers in the wholesale and retail trade industry — an industry which accounts for a major share of minimum wage workers — did not keep up with inflation in 2022, rising 4.7 per cent.

Table 6

Average hourly wage rate for a majority of the industries did not keep up with CPI inflation

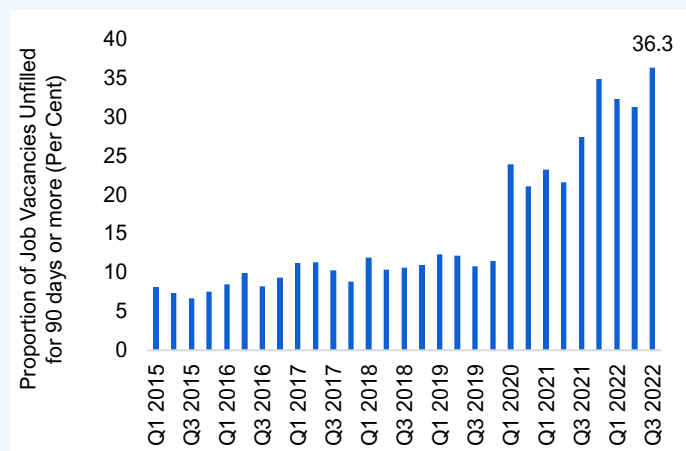
Industry	Average Hourly Wage Rate, 2022 (\$)	Annual Change in Average Hourly Wage Rate in 2022 (Per Cent)
Professional, scientific and technical services	43.6	9.0
Accommodation and food services	18.9	8.9
Business, building and other support services	25.3	5.9
Manufacturing	30.8	5.6
Wholesale and retail trade	25.4	4.7
Health care and social assistance	31.3	4.3
Construction	34.0	4.1
Finance, insurance, real estate, rental and leasing	41.1	3.0
Agriculture	21.6	2.9
Utilities	49.2	2.6
Transportation and warehousing	29.9	2.4
Educational services	39.4	1.9
Information, culture and recreation	32.5	1.0
Public administration	42.3	0.1
Other services (except public administration)	27.9	-0.9
Forestry, fishing, mining, quarrying, oil and gas	40.5	-3.7
Total employees, all industries	32.9	4.2

Source: Statistics Canada and FAO.

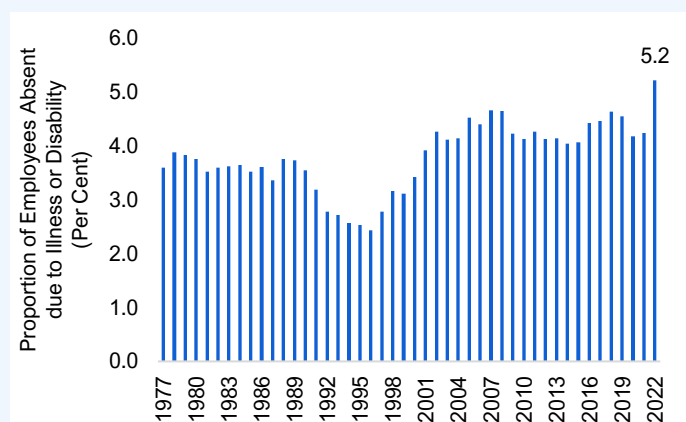
Across 34 different occupation groups, the average hourly wage for only five occupations increased more than inflation in 2022.³ Occupation groups that had above-inflation wage growth include legislative and senior management (13.5 per cent), professional occupations in natural and applied sciences (8.0 per cent), labourers in processing, manufacturing and utilities (8.0 per cent), helpers and labourers and other transport drivers, operators and labourers in trades, transport and equipment operators and related occupations (7.5 per cent), and supervisors, central control and process operators in processing, manufacturing and utilities and aircraft assemblers and inspectors (7.2 per cent).

² Job vacancy rate is defined as the number of job vacancies expressed as a percentage of labour demand, that is, all occupied and vacant jobs.

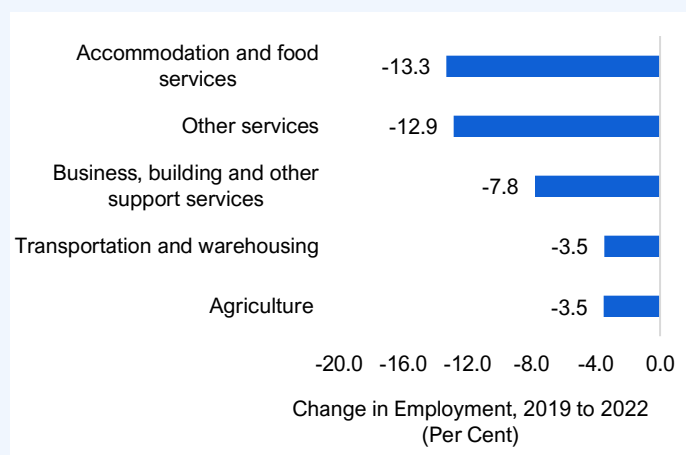
³ See Appendix for details.

Figure 4
Several labour market challenges persist
Proportion of long-term job vacancies reached highest on record


- Long-term job vacancies, defined as positions that remained unfilled for 90 days or more, represented 36.3 per cent of all job vacancies in the third quarter of 2022, the highest share on record.
- Trades, transport and equipment operators and related occupations and health occupations had the highest proportion of vacancies unfilled for 90 days or more. Close to half the job vacancies in trades, transport and equipment operators and related occupations remained unfilled for 90 days or longer as of the third quarter of 2022.
- Long-term job vacancies can impact businesses by decreasing production, creating additional costs, and causing backlogs, among other challenges.⁴

Record proportion of employees absent due to illness or disability


- With most pandemic-related restrictions more fully lifted, the share of Ontario employees who were absent either a full week or part of a week due to illness or disability reached 5.2 per cent in 2022, the highest on record.
- Overall, nearly 404,100 employees were absent either a full week or part of a week in 2022 due to illness or disability, a 22.2 per cent increase over the 2017-2019 average.
- Increased absence due to illness could reduce business operations and contribute to additional labour market tightness and wage pressure as employers might be forced to recruit additional workers.⁵

Employment in some industries not recovered from pandemic


- Five out of 16 industries operated with fewer employees in 2022 compared to before the pandemic in 2019, including other services, accommodation and food services, agriculture, business, building and other support services, and transportation and warehousing. Collectively, the share of these industries in total employment has dropped from 20.5 per cent to 17.9 per cent over the period.
- As of the third quarter of 2022, overall job vacancies in these sectors represented nearly 31.4 per cent of all vacancies in Ontario, substantially higher than their share of employment.
- With demand for labour strong across most sectors, workers may be migrating away from lower-paying jobs in favour of employment openings that offer higher wages, regular hours and more comprehensive benefits.

Source: Statistics Canada and FAO.

⁴ See [Long-term job vacancies in Canada](#).

⁵ See [In sickness and in "health": Canada's labour market](#).

Appendix

Table 7

Average hourly wage rate data by occupation

National Occupational Classification (NOC)	Average Hourly Wage Rate, 2022 (\$)	Annual Change in Average Hourly Wage Rate (Per Cent)
Management occupations	56.6	4.5
Legislative and senior management occupations	87.5	13.5
Specialized middle management occupations	59.8	4.9
Middle management occupations in retail and wholesale trade and customer services	45.4	5.3
Middle management occupations in trades, transportation, production and utilities	49.7	2.3
Business, finance and administration occupations, except management	32.5	3.0
Professional occupations in finance and business	41.7	3.1
Administrative and financial supervisors and specialized administrative occupations	33.1	0.2
Administrative occupations and transportation logistics occupations	28.7	2.6
Administrative and financial support and supply chain logistics occupations	24.1	3.7
Natural and applied sciences and related occupations, except management	43.4	6.2
Professional occupations in natural and applied sciences	47.8	8.0
Technical occupations related to natural and applied sciences	33.5	2.1
Health occupations, except management	33.4	4.1
Professional occupations in health	42.3	3.1
Technical occupations in health	32.4	3.0
Assisting occupations in support of health services	23.2	3.3
Occupations in education, law and social, community and government services, except management	39.0	2.2
Professional occupations in law, education, social, community and government services	44.1	2.3
Front-line public protection services and paraprofessional occupations in legal, social, community, education services	30.8	2.9
Assisting occupations in education and in legal and public protection	27.5	2.7
Care providers and public protection support occupations and student monitors, crossing guards and related occupations	20.9	2.6
Occupations in art, culture, recreation and sport, except management	28.4	-5.1
Professional occupations in art and culture	34.8	-3.0
Technical occupations in art, culture and sport	33.2	3.6
Occupations in art, culture and sport	24.5	-12.1
Support occupations in art, culture and sport	20.0	-1.3
Sales and service occupations, except management	21.5	1.7
Retail sales and service supervisors and specialized occupations in sales and services	27.2	-2.3
Occupations in sales and services	24.8	0.7
Sales and service representatives and other customer and personal services occupations	22.4	2.0
Sales and service support occupations	17.6	6.3
Trades, transport and equipment operators and related occupations, except management	29.6	4.0
Technical trades and transportation officers and controllers	34.4	4.0
General trades	26.8	4.7
Mail and message distribution, other transport equipment operators and related maintenance workers	26.3	3.6
Helpers and labourers and other transport drivers, operators and labourers	22.8	7.5
Natural resources, agriculture and related production occupations, except management	24.5	4.1
Supervisors and occupations in natural resources, agriculture and related production	35.6	0.0
Workers and labourers in natural resources, agriculture and related production	21.4	6.4
Occupations in manufacturing and utilities, except management	25.6	6.1
Supervisors, central control and process operators in processing, manufacturing and utilities and aircraft assemblers and inspectors	36.8	7.2
Machine operators, assemblers and inspectors in processing, manufacturing and printing	23.3	5.4
Labourers in processing, manufacturing and utilities	20.7	8.0
Total employees, all occupations	32.9	4.2

Source: Statistics Canada and FAO.

About this Document

Established by the *Financial Accountability Officer Act, 2013*, the Financial Accountability Office (FAO) provides independent analysis on the state of the Province's finances, trends in the provincial economy and related matters important to the Legislative Assembly of Ontario. This report is based on Statistics Canada's Labour Force Survey data as of February 3, 2023.

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FAO

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OFFICE OF ONTARIO



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TAB 84

BUILDING A STRONG ONTARIO

2023 ONTARIO BUDGET



BUDGET PAPERS

THE HONOURABLE

PETER BETHLENFALVY

MINISTER OF FINANCE

For general inquiries regarding *2023 Ontario Budget: Building a Strong Ontario* please call:

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Budget de l'Ontario 2023 : Bâtir un Ontario fort

Building a Strong Ontario

Ontario and the rest of the world are continuing to face economic uncertainty.

We find ourselves in a time of geopolitical instability, higher inflation and interest rates, and ongoing supply chain disruptions.

These challenges have created pressures and risks for people and businesses across Ontario.

And while Ontario's economy has remained resilient, the road ahead continues to be uncertain.

Families, workers and businesses are looking to our government to help get the province through these challenging times.

And this is exactly what our government is doing.

Ontario's Plan to Build is a responsible, targeted approach to help people and businesses today, while laying a strong fiscal foundation for future generations.

And it is already showing results. Ontario's population is growing, jobs are being created and we are attracting manufacturing investments.

Ontario's population is now over 15 million people.

We have 275,000 more people a year moving to Ontario.

This is good news.

With this growth, we are seeing stronger communities across Ontario, which benefits families, workers, businesses, and public services.

And this growth is helping Ontario remain resilient during economic uncertainty.

Our plan is building Ontario so we can have a strong economy for the future and the infrastructure needed to support growth across the province.

It is a plan that is working for you, training workers for the jobs of the future, keeping your costs down today and providing better services for you and your family.

It is a plan that will balance the Budget. Responsibly eliminating Ontario's deficit, while delivering on the priorities of the people and businesses of Ontario, is part of the long-term vision this province needs.

And it is a plan that will get us through this economic uncertainty today by building a strong Ontario for tomorrow.

Building Ontario

As Ontario grows, our government is building Ontario, so it has a strong economy and the highways, transit and infrastructure that communities need.

Building Ontario's Economy for Today and Tomorrow

For too long, Ontario failed to seize its critical minerals opportunity despite the value it can bring the province.

Unlocking Northern Ontario's critical minerals is key to the economy of the future.

It will help bring investments and better jobs with bigger paycheques to Ontario.

This is why our government has committed close to \$1 billion to support critical legacy infrastructure such as all-season roads, broadband connectivity and community supports in the Ring of Fire region to keep moving forward on one of the most promising mineral deposits in Canada — one that will play a critical role in batteries, electronics, electric vehicles (EVs) and clean technology.

Our government is proposing amendments to the *Mining Act* that would ensure Ontario has a modern and competitive regime for mineral exploration and development.

These critical mineral resources in the North are being connected to Ontario's world-class manufacturing sector in the South.

This means we must continue to rebuild the province's manufacturing sector and create the conditions to attract new investments.

Between 2004 and 2018, Ontario's manufacturing sector saw a decline in employment of over 300,000 workers.

Since 2018, our government has attracted billions of dollars' worth of investments in automotive and clean steel manufacturing.

We have also reduced red tape, with \$567 million in savings on annual regulatory compliance costs while maintaining important regulations that protect people's health, safety and the environment.

Building on the work we have already done to make Ontario a global manufacturer, bringing investments and jobs back to the province, our government continues to strengthen Ontario's competitiveness.

We are proposing a new Ontario Made Manufacturing Investment Tax Credit that would help local manufacturing companies invest and expand, so the products of the future are made right here at home.

By continuing to attract electric vehicle supply chain investments to the province, we are making Ontario a leading jurisdiction to build the cars of the future.

We are also helping make Ontario a global leading producer of clean steel.

But we must continue to find ways to keep Ontario competitive. This is why our government is working with partners to have shovel-ready mega-sites available for new, large manufacturing projects.

These investments in critical minerals and manufacturing are also enabled by Ontario's clean energy advantage.

Companies in various sectors are looking to invest in jurisdictions that can help them achieve their Environmental, Social and Governance (ESG) goals.

This is why, to help boost competitiveness, the government is launching a voluntary Clean Energy Credit Registry.

We are also supporting the continued safe operation of the Pickering Nuclear Generating Station.

And we are leading in record battery procurements, with the largest battery storage project in Canada being built right here in Ontario.

The Oneida Energy Storage Project in Jarvis, Haldimand County, is being developed in partnership with Six Nations of the Grand River Development Corporation, Northland Power, NRStor and Aecon Group.

At the same time, we are keeping electricity costs for businesses down to help create jobs and economic growth.

Building Highways, Transit and Infrastructure Projects

To build a strong economy, we need the infrastructure to support it.

We are delivering on the most ambitious capital plan in Ontario's history.

We are building new highways, roads, schools, hospitals, long-term care homes and transit.

From Uxbridge to Kitchener-Waterloo, we are building and redeveloping hospitals, and from Pickering to Ottawa to Atikokan to Windsor, we are building new schools.

And we are building the Bradford Bypass, Highway 413 through Brampton, and the Ontario Line in Toronto, as well as enabling the future widening of Highway 401, starting at Brock Road in Durham Region.

By driving economic growth, helping to create jobs and getting key infrastructure built faster and better, our government is building Ontario.

Working for You

As we build Ontario, our government is also working for families, workers, students and seniors.

We are working for you.

Working for Workers

As we help create jobs across the province, Ontario is still facing a persistent labour shortage, especially in key sectors like health care and construction.

This is why we are investing an additional \$75 million over the next three years in our Skills Development Fund.

We are also providing an additional \$224 million this year to leverage private-sector expertise and expand training centres, including union-led training halls so we can train and retrain skilled workers for the jobs of today and tomorrow.

And we are investing an additional \$25 million over three years in the Ontario Immigrant Nominee Program so we can welcome more skilled workers to the province.

Ontario continues to work with the Government of Canada to attract more skilled newcomers to support economic growth and fill targeted labour market gaps across the province, particularly in the skilled trades and other in-demand essential industries.

As we build a strong workforce, it is important we prepare high school students for the jobs of the future and connect our education system to the needs of employers.

This is why we are expanding the dual credit program to provide an additional 1,400 secondary students with opportunities in health care-related courses to jumpstart their careers as nurses, personal support workers, medical laboratory technicians and paramedics.

Our government is ensuring we have the trained skilled workers to build Ontario today and in the future.

Keeping Your Costs Down

Our government understands inflation is hard on household budgets.

Which is why we acted early to keep your costs down.

We eliminated licence plate renewal fees as well as licence plate stickers and refunded the past two years' fees for eligible vehicles.

We extended the current gas tax and fuel tax cuts until December 31, 2023.

And we are making transit more affordable by eliminating double fares for most local transit services in the Greater Golden Horseshoe when commuters also use GO Transit services. Our government is working to expand this initiative to support more people commuting into Toronto.

For low-income seniors in Ontario, these uncertain times are even more challenging.

This is why we temporarily doubled the Guaranteed Annual Income System (GAINS) payments for eligible seniors until December 2023.

To ensure that more seniors who need financial help get it, we will be introducing legislation to expand the GAINS program, starting in July 2024, to see about 100,000 additional seniors be eligible for the program, for a 50 per cent increase in recipients.

We are also proposing to adjust this benefit annually so that it increases with inflation.

In addition, we know that many people in Ontario struggle to afford a place to call home and this includes some of the most at-risk people in the province.

This is why Ontario is investing an additional \$202 million each year in supportive housing and homelessness programs.

This will help those experiencing or at risk of homelessness, those escaping intimate partner violence, and support the community organizations delivering supportive housing.

Better Services for You

Our government is improving public services to make it more convenient and faster for the people of Ontario to access them.

When it comes to health care in Ontario, our government is working to reduce waitlists, provide better outcomes and care, and add more family doctors.

This is why our government has introduced a plan that will connect you to more convenient care through your OHIP card and not your credit card.

We are now building on that plan.

Our government is investing every dollar we are receiving from the Government of Canada's initial down payment through the new agreement in principle, and significantly more, into health care.

Through the *2022 Budget*, our government announced a plan to invest \$1 billion over three years to get more people connected to care in the comfort of their own home and community.

We are now accelerating investments to bring funding in 2023–24 up to \$569 million, including nearly \$300 million to stabilize the home and community care workforce.

This funding will also expand home care services and improve the quality of care, making it easier and faster for people to connect to care.

And we are providing an additional \$425 million over three years for mental health and addictions, including a five per cent increase in the base funding of community-based mental health and addiction service providers funded by the Ministry of Health.

Expanding the scope of practice of pharmacists to prescribe over-the-counter medication for common ailments has been very successful.

This is why the government will be expanding the scope to add additional common ailments.

As we make health care more convenient, we are also investing in growing and retaining the health care workforce.

Since 2018, over 60,000 new nurses and nearly 8,000 new physicians have begun work in Ontario, but we need to do more.

This is why our government is providing an additional \$80 million over the next three years to further expand enrolment for nursing programs.

We are also investing \$200 million this year to address immediate health care shortages and to grow the workforce for years to come.

Our government understands it is challenging for Ontario medical students to find residency spots here at home.

To support these graduates, we are adding 154 postgraduate medical training seats to prioritize Ontario residents trained at home and abroad beginning in 2024 and going forward. We will also add 100 seats for medical undergraduates and continue to prioritize Ontario students for these spots.

Ontario's most vulnerable continue to need support from our government.

Youth leaving the child welfare system are at a higher risk of being trafficked or experiencing homelessness.

Our government is providing \$170 million over three years to the Youth Leaving Care program, which supports the success of youth leaving provincial care. We are also expanding program eligibility, which currently ends at 21 years old, to include those up to 23 years old.

Our government is also protecting you and your family.

We are providing resources to local police and communities to protect law-abiding citizens from illegal gun and gang violence.

But as we deliver these resources to communities, bail reform is also needed.

Too many innocent people have lost their lives at the hands of dangerous criminals who should have been behind bars.

This is why we have called on the federal government to take immediate action to strengthen Canada's bail system.

We are also ensuring Ontario is prepared for, can respond to and can recover from emergencies, by providing more than \$110 million over three years to improve emergency readiness.

As we build Ontario, our government is working for you to help address the challenges of today, while also creating a strong future for you and your family.

A Strong Ontario

After unprecedented spending in response to the COVID-19 pandemic, now is the time to get the province back on a path to fiscal balance.

The hard work is paying off. By planning prudently, and focusing our investments, we have made considerable progress on our path to balance. In fact, we now plan to balance the Budget in 2024–25, three years earlier than expected in the last Budget.

Because of our thoughtful, transparent planning, we can do this while still delivering on our Plan to Build to support families, workers and businesses across Ontario.

This is why we are continuing with our responsible, targeted approach that is building an Ontario that the people of this province can be proud of, not only today but in the future.

An Ontario that continues to have a resilient economy.

An Ontario that has the best infrastructure in place to support the growth of the economy and communities.

An Ontario that has skilled workers trained for the jobs of tomorrow.

An Ontario that helps those who need it the most during these uncertain times.

An Ontario that connects you with the health care and the child care you need, when you need it.

An Ontario that protects you and your family from violence in communities.

An Ontario that has a bright future ahead for your children and grandchildren.

An Ontario that is strong.

Original signed by

The Honourable Peter Bethlenfalvy
Ontario's Minister of Finance

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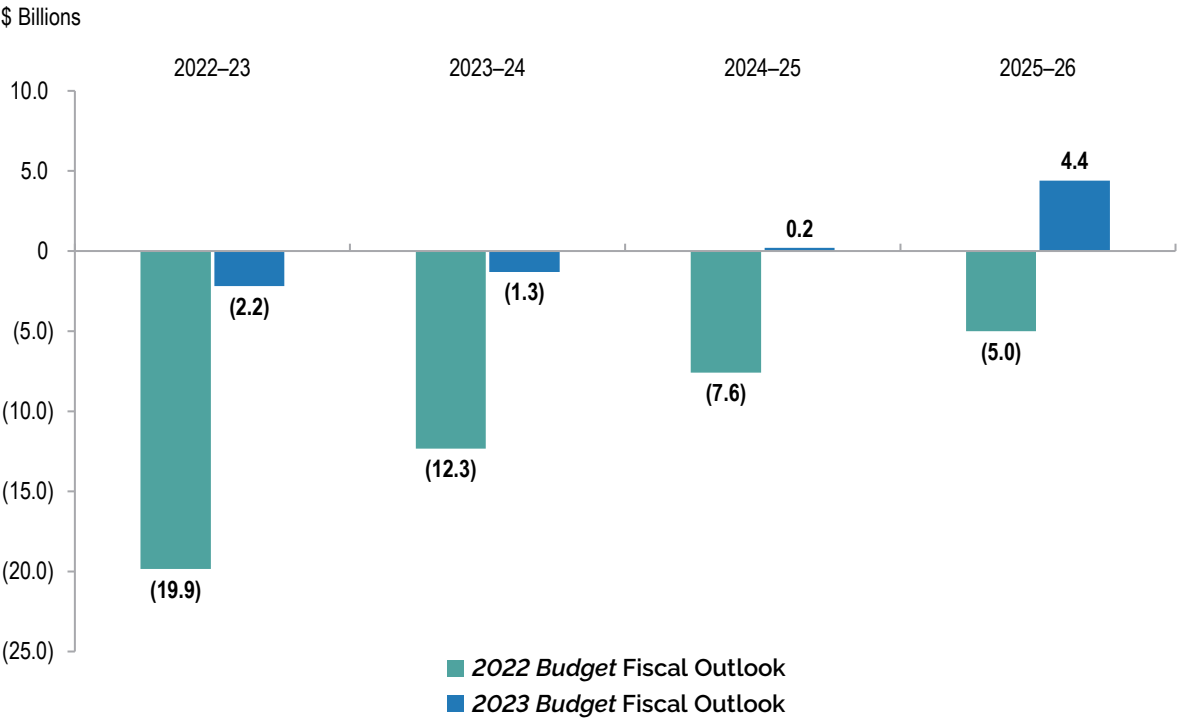
Ontario continues to face economic challenges and elevated uncertainty like the rest of the world. The outcomes of ongoing geopolitical instability, high interest rates and inflation continue to be unclear. But after record investments during a worldwide COVID-19 pandemic, Ontario is on a path to balance the budget, while continuing to invest responsibly to build a strong province. The government is taking this responsible approach to its finances so Ontario can have a strong fiscal foundation now and in the future.

Ontario's economy has remained resilient and has continued to grow despite ongoing economic uncertainty. Real gross domestic product (GDP) exceeded the COVID-19 pre-pandemic level by 4.0 per cent as of the third quarter of 2022. Ontario created 338,300 jobs (+4.6 per cent) in 2022, following a gain of 367,400 (+5.2 per cent) net jobs in 2021, which were the two strongest years of job growth on record. Ontario's unemployment rate is near historic lows.

The government's plan will balance the budget with the province on track to post a surplus in 2024–25, three years earlier than forecast in the *2022 Budget*. In 2022–23, Ontario is projecting a deficit of \$2.2 billion. Over the medium term, the government is projecting a deficit of \$1.3 billion in 2023–24 before planning for surpluses of \$0.2 billion in 2024–25 and \$4.4 billion in 2025–26, representing significant fiscal improvement since the *2022 Budget*. Elevated uncertainty still remains about the future pace of economic growth, which may impact these projections further. Ontario has shown that it can balance the budget, while making record investments in services the people of Ontario need.

The government will continue to take a responsible, targeted approach with its Plan to Build to support people and businesses while laying a strong fiscal foundation for future generations.

Current Fiscal Outlook Compared to 2022 Budget



Source: Ontario Ministry of Finance.

Ontario's Economic Outlook

Ontario's real GDP increased by an estimated 3.7 per cent in 2022 and is projected to increase by 0.2 per cent in 2023, 1.3 per cent in 2024, 2.5 per cent in 2025 and 2.4 per cent in 2026. Ontario nominal GDP increased by an estimated 9.4 per cent in 2022, largely reflecting continued elevated GDP inflation due to strong economy-wide price increases amid supply constraints and strong demand. Nominal GDP is projected to grow by 2.8 per cent in 2023 and accelerate to 3.6 per cent in 2024, 4.6 per cent in 2025 and 4.5 per cent in 2026. For the purposes of prudent fiscal planning, these projections are slightly below the average of private-sector forecasts.

Summary of Ontario's Economic Outlook

(Per Cent)

	2021	2022	2023p	2024p	2025p	2026p
Real GDP Growth	5.2	3.7e	0.2	1.3	2.5	2.4
Nominal GDP Growth	10.3	9.4e	2.8	3.6	4.6	4.5
Employment Growth	5.2	4.6	0.5	1.0	1.7	1.7
CPI Inflation	3.5	6.8	3.6	2.1	2.0	2.0

e = estimate.

p = Ontario Ministry of Finance planning projection based on external sources as of January 30, 2023.

Sources: Statistics Canada and Ontario Ministry of Finance.

Ontario's Fiscal Plan

The government is projecting a deficit of \$1.3 billion in 2023–24, and surpluses of \$0.2 billion in 2024–25 and \$4.4 billion in 2025–26. This is a significant improvement compared to the forecasts presented in the *2022 Budget*.

Details of Ontario's Fiscal Plan

(\$ Billions)

	Actual 2021–22	Interim ¹ 2022–23	Medium-Term Outlook		
			2023–24	2024–25	2025–26
Revenue					
Personal Income Tax	46.8	52.8	56.0	58.7	62.0
Sales Tax	30.4	35.9	35.4	36.8	38.6
Corporations Tax	25.2	27.9	24.7	25.9	28.2
Ontario Health Premium	4.4	4.7	4.9	5.1	5.3
Education Property Tax	5.7	5.8	5.7	5.7	5.8
All Other Taxes	19.2	17.6	17.6	19.8	20.6
Total Taxation Revenue	131.7	144.7	144.2	152.1	160.4
Government of Canada	30.6	31.3	34.8	35.1	37.1
Income from Government Business Enterprises	6.4	6.5	6.3	6.7	8.5
Other Non-Tax Revenue	16.3	18.0	19.0	19.2	20.0
Total Revenue	185.1	200.4	204.4	213.0	226.0
Base Programs²					
Health Sector	69.6	74.9	81.0	84.2	87.6
Education Sector ³	28.8	32.4	34.7	36.1	37.5
Postsecondary Education Sector	10.5	11.3	12.1	12.5	12.9
Children, Community and Social Services Sector	16.8	18.4	19.4	19.8	19.9
Justice Sector	4.7	5.5	5.4	5.4	5.3
Other Programs	29.2	32.6	38.1	38.4	39.3
Total Base Programs	159.6	175.1	190.6	196.4	202.5
COVID-19 Time-Limited Funding	10.9	7.8	–	–	–
Other One-Time Expenses	–	6.3	–	–	–
Total Programs	170.4	189.1	190.6	196.4	202.5
Interest on Debt	12.6	13.4	14.1	14.4	15.1
Total Expense	183.0	202.6	204.7	210.8	217.5
Surplus/(Deficit) Before Reserve	2.1	(2.2)	(0.3)	2.2	8.4
Reserve	–	–	1.0	2.0	4.0
Surplus/(Deficit)	2.1	(2.2)	(1.3)	0.2	4.4
Net Debt as a Per Cent of GDP	39.8%	37.8%	37.8%	37.7%	36.9%
Net Debt as a Per Cent of Revenue	205.6%	197.5%	198.9%	197.3%	190.2%
Interest on Debt as a Per Cent of Revenue	6.8%	6.7%	6.9%	6.8%	6.7%

¹ Interim represents the *2023 Budget* projection for the 2022–23 fiscal year.

² For presentation purposes in the *2023 Budget*, one-time COVID-19-related spending in 2021–22 and 2022–23 has been included within COVID-19 Time-Limited Funding.

³ Excludes Teachers' Pension Plan. Teachers' Pension Plan expense is included in Other Programs.

Note: Numbers may not add due to rounding.

Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

Revenue Outlook

Ontario's revenue outlook is anchored by an economic projection based on private-sector forecasts and the best available information at the time of finalizing the planning projection. Details of the medium-term revenue outlook are outlined later in this Budget. See Chapter 3: *Ontario's Fiscal Plan and Outlook* for more details.

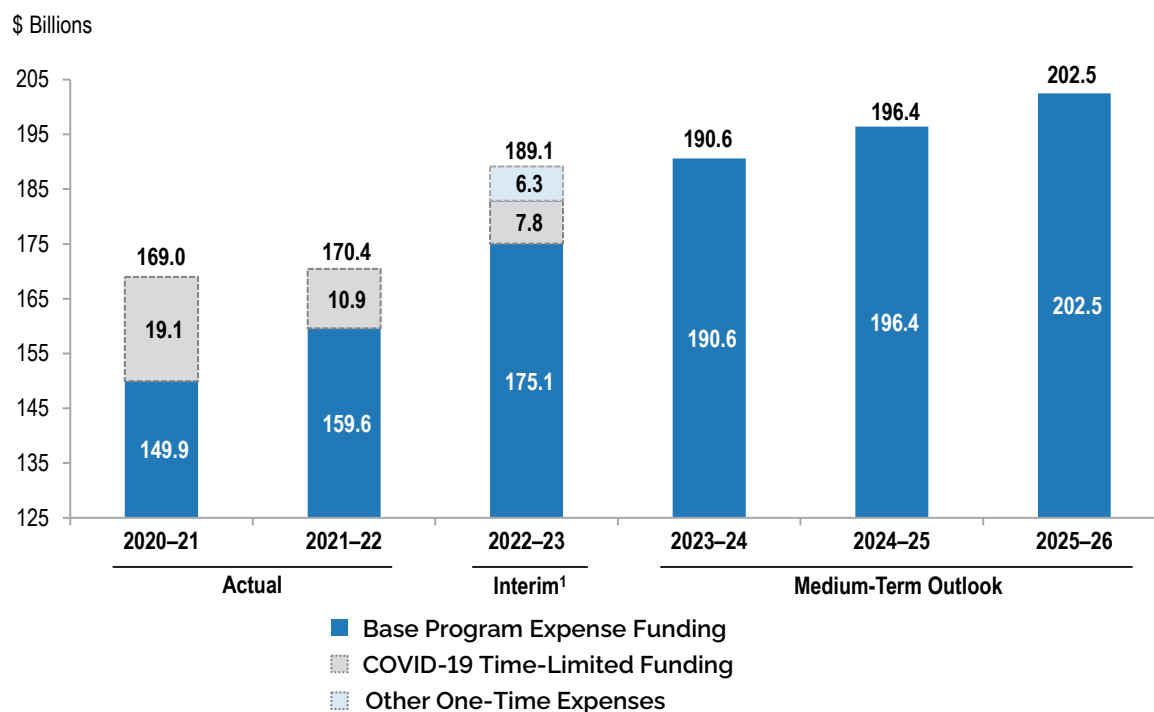
Key inputs included in the revenue forecast are a prudent economic outlook; existing federal–provincial agreements and funding formulas; and the business plans of government ministries, business enterprises and service organizations.

Program Expense Outlook

Ontario's program expense outlook is expected to grow from \$189.1 billion in 2022–23 to \$202.5 billion in 2025–26 to fund the services the people of Ontario need.

The government has made available COVID-19 Time-Limited Funding to protect Ontario's progress against COVID-19, including \$7.8 billion in 2022–23. This funding will no longer be reported separately, starting 2023–24. Additionally, in 2022–23, there are other significant one-time expenses of \$6.3 billion projected, including for costs associated with ongoing land and land-related claims with Indigenous communities, where Ontario is in active negotiations, or claims are accepted for negotiation or are under review. These one-time expenses are broken out to provide greater transparency regarding their temporary nature.

Program Expense Growth



¹ Interim represents the 2023 Budget projection for the 2022-23 fiscal year.

Note: Numbers may not add due to rounding.

Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

Interest on Debt Outlook

Interest on debt is forecast to be \$13.4 billion in 2022-23, down from the 2022 Budget forecast of \$13.5 billion, and lower than the interest on debt forecast for each year of the medium-term outlook contained in the 2022 Budget as a result of lower borrowing programs, partially offset by higher than projected interest rates.

Other Fiscal Plan Assumptions

The reserve is set at \$1.0 billion in 2023-24, \$2.0 billion in 2024-25 and \$4.0 billion in 2025-26. These increases reflect Ontario's commitment to maintaining a prudent and flexible fiscal plan that can respond to elevated economic uncertainty, notably higher levels of inflation and the impact of higher interest rates on the economy.

The net debt-to-GDP ratio is projected to be 37.8 per cent in 2023-24, 37.7 per cent in 2024-25 and declining to 36.9 per cent in 2025-26.

Alternative Economic Scenarios and Fiscal Outlooks

In recognition of the elevated degree of economic uncertainty, the Ontario Ministry of Finance has once again developed Faster Growth and Slower Growth scenarios that the economy could take over the next several years. These alternative scenarios should not be considered the best case or the worst case. Rather, they illustrate a broader range of possible alternative outcomes.

Ontario Real GDP Growth Scenarios

(Per Cent)

	2023p	2024p	2025p	2026p
Faster Growth Scenario	1.3	2.0	2.8	2.7
Planning Projection	0.2	1.3	2.5	2.4
Slower Growth Scenario	(0.7)	0.8	2.4	2.3

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

Source: Ontario Ministry of Finance.

Ontario Nominal GDP Growth Scenarios

(Per Cent)

	2023p	2024p	2025p	2026p
Faster Growth Scenario	6.0	4.4	5.1	5.0
Planning Projection	2.8	3.6	4.6	4.5
Slower Growth Scenario	1.0	3.0	4.3	4.2

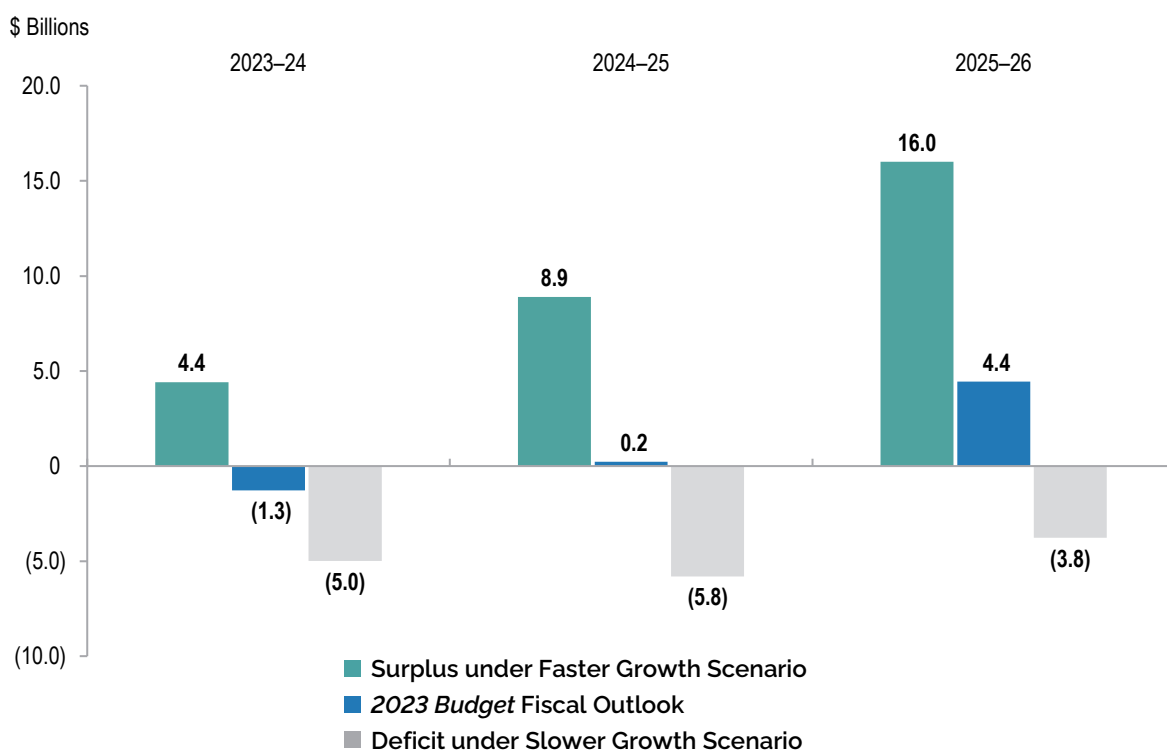
p = Ontario Ministry of Finance planning projection based on external sources and alternative scenarios.

Source: Ontario Ministry of Finance.

In the event that the alternative economic scenarios materialize as opposed to the Planning Projection, Ontario's fiscal plan would also change as a result. See Chapter 3: *Ontario's Fiscal Plan and Outlook*, Revenue Outlook Scenarios section, for more information.

Under the Faster Growth scenario, Ontario may see larger budget surpluses starting with a surplus of \$4.4 billion in 2023–24. However, if the Slower Growth scenario takes place instead, the fiscal outlook may deteriorate, with deficits of \$5.0 billion in 2023–24, \$5.8 billion in 2024–25 and \$3.8 billion in 2025–26.

Ontario Medium-Term Outlook Based on Alternative Scenarios



Source: Ontario Ministry of Finance.

Borrowing and Debt Management

Ontario's borrowing program is primarily used to refinance maturing debt, make investments in capital assets and fund deficits, when applicable.

Ontario will continue to finance most of its borrowing program in the long-term public markets in Canada as well as internationally. Ontario has completed long-term borrowing for 2022–23 of \$32.1 billion, including \$14.5 billion in pre-borrowing for 2023–24. The total long-term borrowing requirements for 2023–24, 2024–25 and 2025–26 are forecast to be \$27.5 billion, \$28.7 billion and \$33.4 billion, respectively. Ontario's annual long-term borrowing program in 2023–24 is forecast to be the lowest borrowing program since 2016–17.

\$15 billion Ontario Green Bonds issued since 2014–15

Ontario remains the largest issuer of Canadian dollar Green Bonds and plans to continue its leadership in the Canadian dollar Green Bond market. Ontario intends to update its Green Bond Framework to expand from green to sustainable, which allows for a greater breadth of potential bond offerings in the future. Subject to market conditions, Ontario will issue multiple Green Bonds in each fiscal year, including in 2023–24.

2022–23 Borrowing Program and Medium-Term Outlook

(\$ Billions)

	2022–23		Medium-Term Outlook			
	2022 Budget	Change from 2022 Budget	Interim ¹ 2022–23	2023–24	2024–25	2025–26
Deficit/(Surplus)	19.9	(17.7)	2.2	1.3	(0.2)	(4.4)
Investment in Capital Assets	13.4	(1.5)	11.9	13.6	18.6	18.8
Non-Cash and Cash Timing Adjustments	(9.7)	(8.1)	(17.8)	(9.2)	(11.7)	(14.0)
Loans to Infrastructure Ontario	(0.1)	(0.1)	(0.2)	0.1	0.1	0.2
Other Net Loans/Investments	0.7	(0.8)	(0.1)	0.1	(1.0)	(0.2)
Debt Maturities/Redemptions	30.5	0.0	30.6	31.2	27.9	33.1
Total Funding Requirement	54.7	(28.1)	26.6	37.0	33.7	33.4
Decrease/(Increase) in Short-Term Borrowing	(3.0)	4.3	1.3	–	–	–
Increase/(Decrease) in Cash and Cash Equivalents	–	–	–	5.0	(5.0)	–
Pre-borrowing in 2021–22 for 2022–23	(10.3)	–	(10.3)	–	–	–
Pre-borrowing for 2023–24	–	14.5	14.5	(14.5)	–	–
Total Long-Term Borrowing	41.5	(9.3)	32.1	27.5	28.7	33.4

¹ Interim represents the 2023 Budget projection for the 2022–23 fiscal year.

Note: Numbers may not add due to rounding.

Source: Ontario Financing Authority.

Ontario is forecast to pay \$13.4 billion in interest costs in 2022–23, \$14.1 billion in 2023–24 and \$14.4 billion in 2024–25, down from the *2022 Budget* forecasts of \$13.5 billion, \$14.3 billion and \$14.9 billion, respectively. These lower interest costs total a cumulative savings of \$0.8 billion over three years and are a result of smaller borrowing programs, partially offset by higher than projected interest rates. Interest on debt in 2025–26 is forecast to be \$15.1 billion.

Ontario's overall borrowing needs have been reduced by \$36.6 billion over the three-year outlook period compared to the *2022 Budget* forecast. Had the borrowing program stayed the same as in the *2022 Budget* forecast, given higher interest rates forecast today, interest on debt would have been \$0.3 billion higher in 2022–23, \$0.7 billion higher in 2023–24 and \$0.7 billion higher in 2024–25.

The *2023 Budget* includes an updated debt burden reduction strategy, with new targets over the medium-term outlook for the relevant measures of debt sustainability. Meeting these targets on a sustained basis would help improve Ontario's credit rating profile and lower Ontario's cost of borrowing. This would result in less money being required to pay for interest on debt, which frees up resources for other priorities.

Progress on Relevant Debt Sustainability Measures

(Per Cent)

	<i>2022 Budget</i> Target	<i>2022 Budget</i> 2022–23	<i>2023 Budget</i> Target	<i>2023 Budget</i> 2022–23	<i>2023 Budget</i> 2023–24
Net Debt-to-GDP	<42.0	41.4	<40.0	37.8	37.8
Net Debt-to-Revenue	<250	238	<200	198	199
Interest on Debt-to-Revenue	<8.0	7.5	<7.5	6.7	6.9

Source: Ontario Financing Authority.

See Chapter 4: *Borrowing and Debt Management* for more details on Ontario's borrowing program, including borrowing outlook scenarios for long-term borrowing and the debt burden reduction strategy.

Ontario's Capital Plan

Ontario's Plan to Build includes the most ambitious capital plan in Ontario's history, with planned investments over the next 10 years totalling \$184.4 billion, including \$20.6 billion in 2023–24. This plan is getting shovels in the ground to build highways, hospitals and other critical assets, laying the foundation for a strong Ontario.

Key highlights in the capital plan include:

Highways

- \$27.9 billion over 10 years to support the planning and/or construction of highway expansion and rehabilitation projects across the province, including:
 - **Highway 413**, a new 400-series highway and transportation corridor across Halton, Peel and York regions that will bring relief to the most congested corridor in North America and save drivers up to 30 minutes each way on their commute;
 - **Bradford Bypass**, a new four-lane freeway connecting Highway 400 in Simcoe County and Highway 404 in York Region, saving motorists and commercial truck drivers up to approximately 35 minutes in travel time compared to using existing routes along local roads;
 - **The QEW Garden City Skyway Bridge Twinning** project, which includes construction of a new twin bridge on the QEW over the Welland Canal connecting the City of St. Catharines to the Town of Niagara-on-the-Lake;
 - Enabling the expansion of **Highway 401** from Brock Road in Pickering through Eastern Ontario, to help relieve gridlock for tens of thousands of drivers per day and get goods moving faster; and
 - Widening existing corridors across the province such as **Highway 3** between Essex and Leamington, **Highway 11/17** between Thunder Bay and Nipigon and **Highway 17** between Arnprior and Renfrew.

Transit

- \$70.5 billion over 10 years for public transit with a variety of projects underway, including:
 - Transforming the GO Transit rail network into a modern, reliable and fully integrated rapid transit network. **GO Expansion** will improve access and convenience across the Greater Golden Horseshoe by steadily increasing service with faster trains, more stations and better connections;
 - Making investments to expand GO Transit rail service to **Bowmanville** and the **Niagara Region**;
 - Awarding two major contracts and releasing two Requests for Qualifications (RFQs) for the **Ontario Line**, which will provide rapid transit between Exhibition/Ontario Place and the Ontario Science Centre and connect more than 40 other transit routes, including GO train lines, subway and streetcar lines and the Eglinton Crosstown;
 - Beginning tunnelling for the three-stop **Scarborough Subway Extension** from Kennedy Station to Sheppard Avenue and McCowan Road and awarding the contract for design and construction of new underground stations with bus terminals;
 - Continuing tunnelling on the **Eglinton Crosstown West Extension**. As of March 1, 2023, the two boring machines have tunnelled more than a combined 5.6 kilometres;
 - Purchasing three new trainsets to restore the **Northlander** passenger rail service to provide a safe and reliable transportation option for Northern communities, which will also support industries and resource sectors; and
 - Making progress on delivering fast, reliable transit, including the **Hazel McCallion Line** and **Finch West** Light Rail Transit projects.



Health

- More than \$48 billion over the next 10 years in hospital infrastructure, including over \$32 billion in hospital capital grants, to support more than 50 hospital projects that would add 3,000 new beds over 10 years to increase access to reliable, quality care. Investments are being made to support hospital projects, including:
 - Transformation of the existing site and urgent care centre into a new 24/7 inpatient care hospital at **Peel Memorial in Brampton**, in partnership with the William Osler Health System. This will allow development of an emergency department and meet the evolving needs of one of Ontario's fastest growing communities;
 - Funding to support the **Trillium Health Partners – Broader Redevelopment Project** to build a new, state-of-the-art Mississauga Hospital;
 - Support for the construction of a new, modern hospital facility on the existing Uxbridge site at the **Oak Valley Health – Uxbridge Hospital** to replace the current aged building, and enable the expansion of specialized outpatient clinics as well as the creation of a community health hub with long-term care services;
 - Support for a **new state-of-the-art acute care hospital** in Windsor and Essex County to add more hospital beds and expand services in the region;
 - Support for redevelopment of the existing hospital and regional trauma centre on a new site for the **Ottawa Hospital – Civic Campus** to expand access to programs and services as well as meet bed capacity needs; and
 - Support the **Runnymede Healthcare Centre's First Responders Wellness and Rehabilitation Centre** to break down barriers in accessing treatment for Post-Traumatic Stress Injury and other concurrent mental health disorders.

Long-Term Care

- In March 2022, the first home under the Accelerated Build Pilot, **Lakeridge Health** in Ajax, opened to residents. Construction continues to progress for the remaining three long-term care homes in Mississauga and Toronto;
- Planned investments that total a historic \$6.4 billion since 2019 to build more than 30,000 new and upgrade over 28,000 long-term care beds across the province by 2028 to modern design standards. Ontario now has over 31,000 new and 28,000 upgraded beds in development; and
- The government is helping to increase long-term care capacity in communities across the province by providing development loans and loan guarantees to select non-municipal not-for-profit homes.



Education and Postsecondary Education

- Investing \$22 billion, including about \$15 billion in capital grants over the next 10 years, to build more schools and child care spaces, including a new **English public elementary school in North Bay**, a new addition to the **École élémentaire et secondaire publique Ronald-Marion in Pickering**, a new addition to the **École secondaire catholique Sainte-Trinité in Oakville**, and a new **English Catholic secondary school in Windsor**; and
- \$5.4 billion in the Postsecondary Education sector, including over \$2 billion in capital grants over the next 10 years to help colleges, universities and Indigenous Institutes modernize classrooms by upgrading technology, carrying out critical repairs and improving environmental sustainability.

Broadband

- Nearly \$4 billion beginning in 2019–20 to ensure every community across the province has access to high-speed internet by the end of 2025. Multiple broadband programs are supporting this goal, including an innovative competitive bidding process to identify service providers quickly and cost-effectively for underserved areas of Ontario, and the Southwestern Integrated Fibre Technology (SWIFT) and Eastern Ontario Regional Network initiatives.



Infrastructure Expenditures¹

(\$ Millions)

	Interim ^{2,3} 2022–23	Medium-Term Outlook			10-Year Total ⁴
		2023–24	2024–25	2025–26	
Sector					
Transportation					
Transit	6,837	7,471	11,892	10,100	70,502
Provincial Highways	2,790	3,193	3,385	3,676	27,920
Other Transportation, Property and Planning	237	236	192	167	1,270
Health					
Hospitals	3,186	3,349	3,795	5,687	48,119
Other Health	406	581	368	1,297	8,472
Education	2,944	3,003	2,819	2,801	21,958
Postsecondary Education					
Colleges and Other	894	705	631	495	4,064
Universities	117	124	133	132	1,327
Social	342	369	381	472	2,621
Justice	516	801	721	412	2,908
Other Sectors⁵	2,345	3,667	3,196	3,227	16,748
Total Infrastructure Expenditures	20,615	23,499	27,513	28,465	205,910
Less: Other Partner Funding ⁶	3,264	2,864	1,741	1,482	21,507
Total⁷	17,351	20,635	25,772	26,983	184,403

¹ 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.

² Interim represents the 2023 *Budget* projection for the 2022–23 fiscal year.

³ Includes provincial investment in capital assets of \$11.9 billion.

⁴ Total reflects the planned infrastructure expenditures for years 2023–24 through to 2032–33.

⁵ Includes broadband infrastructure, government administration, natural resources, and culture and tourism industries.

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

⁷ Includes Federal/Municipal contributions to provincial infrastructure investments.

Note: Numbers may not add due to rounding.

Source: Ontario Treasury Board Secretariat.

Managing Ontario's Finances Responsibly

The government's multi-year fiscal plan is consistent with the requirements of the *Fiscal Sustainability, Transparency and Accountability Act, 2019*, and the Act's governing principles guide Ontario's fiscal policy.

- **Transparent:** The government continues to demonstrate its commitment to transparency through the release of its twentieth quarterly financial update since 2018. In addition, for the fifth year in a row, the Auditor General of Ontario has provided a clean audit opinion on Ontario's consolidated financial statements.
- **Responsible:** The government has developed a measured and responsible approach to managing Ontario's finances that is driven by economic growth, while investing in key public services and capital projects that will help to improve economic productivity and create jobs.
- **Flexible:** The government's plan has built in appropriate levels of prudence in the form of contingency funds and a reserve to ensure that the necessary fiscal flexibility is available to respond to changing circumstances.
- **Equitable:** The government's plan strengthens critical public services, such as health care, for the people of Ontario today, to ensure that these services are available for future generations.
- **Sustainable:** The government is committed to returning to a balanced budget and reducing the province's debt burden to ensure the sustainability of Ontario's finances today and tomorrow.

Defining Extraordinary Circumstances

The *Fiscal Sustainability, Transparency and Accountability Act, 2019* requires that the government identify extraordinary circumstances if it plans to run a deficit. In 2023–24, the circumstances are the results of ongoing economic uncertainty, related to elevated inflation, supply chain challenges and rising interest rates. Ontario is not alone, as the challenges have resulted in difficult economic and fiscal circumstances for governments around the world. The government remains committed to achieving and maintaining a balanced budget and the *2023 Budget* includes a plan to do so starting in 2024–25.



Chapter 1

Building a Strong Ontario

Section A: Building Ontario

Introduction

Amid short-term uncertainty, the government's Plan to Build is creating conditions for long-term economic growth and a strong future for Ontario. The government has taken significant actions to drive growth by lowering costs, getting key infrastructure projects built faster, attracting more jobs and investment, and cutting red tape to help businesses, families and workers. This plan is building a strong Ontario economy for the future, today.

Building Ontario's Economy for Today and Tomorrow

Ontario, like the rest of the world, continues to face uncertain times, as a result of heightened geopolitical instability and ongoing supply chain disruptions that are putting a strain on the economy and have resulted in higher inflation and interest rates. The United States' *Inflation Reduction Act* is also threatening Ontario jobs and competitiveness.

The government's Plan to Build is the right plan to navigate Ontario through the difficult challenges of today and build a strong economy for the future.

The province has attracted historic new investments in the automotive sector and clean steel to strengthen Ontario's manufacturing sector. The government has undertaken significant actions to improve competitiveness by lowering costs for business. In 2023, the government would enable an estimated \$8.0 billion in cost savings and support for some Ontario employers, with \$3.6 billion to go to small businesses. This includes savings from the new Ontario Made Manufacturing Investment Tax Credit proposed in this Budget.

Since 2018, the government has also reduced unnecessary red tape, saving people, businesses, municipalities, not-for-profit organizations, universities and colleges, school boards and hospitals \$576 million in annual regulatory compliance costs.

Ontario's current population has exceeded the 15 million milestone with net migration to the province reaching over 275,000 people in 2021–22, the highest ever recorded. By 2042, it is projected that nearly 20 million people will call Ontario home. This is an enormous opportunity but also an enormous effort to ensure the province is prepared to welcome the many newcomers that are driving Ontario's population growth. The province will need more infrastructure and housing. Ontario will need to produce more, continue to attract investments in key industries and create more, good-paying jobs.

The government will continue to take a responsible, targeted approach as it delivers on Ontario's Plan to Build to help people and businesses while laying a strong fiscal foundation for future generations.

Unlocking Northern Ontario's Economic Potential

Building the Corridor to Prosperity

Critical minerals are key to the economy of the future. These important resources are critical to products that the people of Ontario rely on, including cell phones, electric vehicles (EVs), and the semiconductors in countless goods. Critical minerals are some of the most sought after commodities in the global economy and Ontario happens to be one of the rare places on earth with many of these natural resources available. Ontario's endowment in critical minerals can be leveraged to encourage domestic mining and processing that support the high-value downstream activities in the electric vehicle supply chain such as automotive and battery manufacturing. This is a competitive advantage that cannot be ignored.

Ontario is helping to build a strong critical minerals sector in the province. Through investments and support, the government is unlocking Northern Ontario's economic potential in critical minerals and connecting these resources to the world-class manufacturing capabilities in Southern Ontario. Ontario has tremendous opportunities for critical minerals to support future economic prosperity.

The Ring of Fire is one of the most promising mineral deposits in Canada. It has the potential to play an important role in supporting innovative technologies for high-growth sectors such as batteries, electronics, electric vehicles and cleantech and to bring multigenerational opportunities to Northern and First Nation communities. By working with First Nation partners, Ontario has a tremendous opportunity for a corridor to prosperity that can leverage health, economic and social benefits, while unlocking significant economic growth.

All-season, dependable road access is a prerequisite to unlocking opportunities in the region and creating better supply chain connections between Ontario industries, resources, workers and communities in Northern Ontario and manufacturing in Southern Ontario. This is why Ontario is making investments to continue working with First Nations and industry on key Ring of Fire projects. These investments are part of Ontario's commitment of close to \$1 billion to support critical legacy infrastructure such as all-season roads, broadband connectivity and community supports for the Ring of Fire region. All-season road access will also help bring prosperity to First Nation communities, improving access to education, health care, goods and services, and housing.

The government also continues to support the Environmental Assessments for the Marten Falls Community Access Road project, the Webequie Supply Road project and the Northern Road Link project, led by the Marten Falls First Nation and Webequie First Nation. The Terms of Reference for the provincial Environmental Assessments for the Marten Falls Community Access Road and the Webequie Supply Road were approved in 2021. The Terms of Reference for the Northern Road Link was approved in March 2023.

Ontario will continue to call on the Government of Canada to step up and match Ontario's funding commitments to getting the roads to the Ring of Fire built.

Advancing Ontario's Critical Minerals Strategy

The government is investing in exploration and innovation to support critical minerals including those in the Ring of Fire, and to help make Ontario a leading producer of critical minerals. Ontario has numerous competitive advantages, in addition to its vast mineral wealth, including a clean grid that allows for development of cleaner, lower-emissions mining compared to other jurisdictions. The province is also a leading mining finance jurisdiction, with about 40 per cent of the world's public mining companies listed on the TSX and TSXV.

Ontario's Critical Minerals Strategy will help secure the province's position as a reliable global supplier and processor of responsibly sourced critical minerals. The Critical Minerals Strategy is a five-year roadmap that focuses on six pillars that will support better supply chain connections between industries, resources and workers in Northern Ontario and manufacturing in Southern Ontario, including Ontario-based EV and battery manufacturing. The six pillars of the strategy are:

- Enhancing geoscience information and supporting critical minerals exploration;
- Growing domestic processing and creating resilient local supply chains;
- Improving Ontario's regulatory framework;
- Investing in critical minerals innovation, research and development;
- Building economic development opportunities with Indigenous partners; and
- Growing the labour supply and developing a skilled labour force.

Supporting Mineral Exploration in Ontario

The government is continuing to invest in its Critical Minerals Strategy through the Ontario Junior Exploration Program, which began in 2021. The Ontario Junior Exploration Program helps junior mining companies finance early exploration projects by covering up to \$200,000 in eligible costs for critical and precious mineral exploration and development. The government is investing an additional \$3 million in 2023–24 and \$3 million in 2024–25 into this successful program, which will help more companies search for potential mineral deposits and attract further investment in this growing sector. With this new funding, the government is investing a total of \$13 million in 2023–24 and \$13 million in 2024–25 in the Ontario Junior Exploration Program. This includes \$4 million per year for a Critical Minerals Stream.

The government also supports the mining industry through the tax system. This includes Personal Income Tax relief for investment in flow-through shares, as well as the Ontario Focused Flow-Through Share Tax Credit for investment in mineral exploration activity in Ontario.

With the recent introduction of the federal Critical Mineral Exploration Tax Credit, Ontario expects to provide an estimated \$25 million per year in additional relief to support investment for a competitive mining sector with good jobs.

Assisting Mining Projects Through Improvements to the *Mining Act*

To help seize the economic potential of the province's minerals, and to support the geopolitical need for secure access to resources, Ontario introduced legislation in March 2023 to amend the *Mining Act*. If passed, the Building More Mines Act, 2023 would ensure Ontario has a modern and competitive regime for mineral exploration and development. The proposed amendments aim to save companies time and money by reducing administrative burden, clarifying requirements for rehabilitation and creating regulatory efficiencies. These changes will help Ontario attract mining investments to support the unlocking of critical minerals and the Ring of Fire, while maintaining Ontario's strong standards for environmental protection and meeting the Duty to Consult with Indigenous communities.



Attracting Clean Steel Investments

As companies, including those in the automotive sector, find ways to reduce emissions in their supply chains, the production of green steel will help Ontario remain competitive as the world transitions to a greener economy. Between 2005 and 2020, Ontario recorded the largest decline in greenhouse gas emissions among all provinces and territories.

The government is helping to make Ontario a supplier to manufacturers of the future and the place for investments in clean steel. This will enhance the province's competitive advantage in attracting game-changing investments, as well as creating and retaining skilled, local jobs for Ontario workers. Ontario's domestic steel industry and its customers, including major automotive, mining, energy and construction companies, are working together to reduce the environmental impact of their operations and products, helping Ontario achieve its target of reducing greenhouse gas emissions by 30 per cent by 2030.

Ontario has attracted \$2.5 billion in recent investments that will support transformation in the steel sector and help cut greenhouse gases by up to six million tons or the equivalent of taking nearly two million cars off the road. This includes ArcelorMittal Dofasco's \$1.8 billion investment in Hamilton, announced in February 2022, to replace its coal-fed coke ovens and blast furnaces with new, low-emission technology, which is targeted for completion by 2028.

Additionally, in November 2021, Algoma Steel in Sault Ste. Marie announced a \$700 million investment in a new, low-emission electric arc furnace. The project will feature a pair of electric arc furnaces that will replace the plant's existing blast furnace, coke oven batteries, and basic oxygen steelmaking operations. Algoma recently announced the installation of the first structural steel columns at its electric arc furnace steelmaking facility, a significant project milestone. The furnaces are expected to come online in 2024, and ultimately, the transformation aims to reduce Algoma's greenhouse gas emissions by up to 70 per cent when construction efforts reach the final stages in 2029.



Ontario Emissions Performance Standards Program

Ontario has created its own Emissions Performance Standards (EPS) program as an alternative to the federal Output-Based Pricing System (OBPS) on industrial emissions. On January 1, 2022, the Ontario EPS program took effect to regulate greenhouse gas emissions from large industrial facilities. It will help industry save over \$1 billion compared to the federal policy. Ontario is developing options on approaches to use proceeds raised through the EPS program to help sectors of the economy covered by the program remain competitive.

Bringing Manufacturing Jobs Back to Ontario

Ontario's Plan to Build is attracting key investments and creating meaningful opportunities for people, families and businesses across the province. In 2022, Ontario secured more than 150 new investment deals from a wide range of sectors including automotive, technology, manufacturing and life sciences. These investments will help to create and retain thousands of good-paying jobs within communities across the province. Ontario's Plan to Build will also improve the province's competitive advantage as a place to do business while at the same time encouraging existing businesses in Ontario to expand their operations.

While Ontario continues to attract investments, create jobs, hire more people and drive economic growth, it is facing a significant competitiveness challenge from the United States' *Inflation Reduction Act* (IRA), which provides enormous subsidies from the U.S. federal government to favour U.S. operations. As Ontario does its part to ensure the province remains competitive, it is looking to the Government of Canada to provide a robust national response that addresses the negative impacts of the U.S. legislation.

In addition, as announced in the *2022 Budget*, Ontario will establish an Advanced Manufacturing Strategy to help boost the long-term competitiveness and resilience of the sector. As a next step, the government is creating the Advanced Manufacturing Council to help inform the strategy and provide input into its development.

Launching the New Ontario Made Manufacturing Investment Tax Credit

Ontario's manufacturing sector is a key contributor to the economic success of the province. However, by 2018 employment in Ontario's manufacturing sector declined by over 300,000 workers from 2004. Over this period, the competitiveness of the sector was negatively impacted by the high cost of doing business, gaps in skills training programs, and a lack of business investment.

Since 2018, the government has helped attract billions of dollars' worth of investments in automobile and clean steel manufacturing, creating new opportunities for workers and families, and generating growth across the province today and tomorrow.

To continue bringing manufacturing back to Ontario and to support local businesses, the government is proposing to introduce the Ontario Made Manufacturing Investment Tax Credit.

The new Ontario Made Manufacturing Investment Tax Credit would help Ontario manufacturers lower their costs, innovate and become more competitive. It would provide a 10 per cent refundable Corporate Income Tax credit on qualifying investments in buildings, machinery and equipment for use in manufacturing or processing in the province. A corporation could receive a tax credit of up to \$2 million a year.

Estimated Ontario income tax support of \$780 million over the next three years would be provided through this new credit to qualifying Canadian-controlled private corporations (CCPCs).

This tax incentive would help local manufacturers invest and expand, creating good-paying jobs and helping rebuild the economy.



Delivering Tax Support for Ontario Manufacturers

The proposed new Ontario Made Manufacturing Investment Tax Credit would help attract and encourage the business investment needed to create jobs in Ontario's manufacturing sector. The following illustrative examples show how corporations could benefit:

Aloo and Breezy Sheet Metal, a small Ontario company producing sheet metal products, is considering purchasing \$500,000 in new computer-controlled machinery in 2023 to modernize its production process. Through the new Ontario Made Manufacturing Investment Tax Credit, the company would receive \$50,000, reducing the cost of the new machinery. The company could also receive \$14,400 in Ontario income tax savings from the immediate writeoff of the machinery for income tax purposes. The total Ontario tax savings of \$64,400 in 2023 would lower the cost of the investment for Aloo and Breezy Sheet Metal.

Reilly Benn Plastics, a large Ontario plastics packaging manufacturer, is considering a \$12 million investment in 2023 in new machinery for molding plastics to expand its operations so it can reach new markets. With a \$12 million investment, the company would receive an Ontario Made Manufacturing Investment Tax Credit of \$1,200,000. The company could receive an additional \$1,080,000 in Ontario income tax savings from the immediate writeoff of the machinery for income tax purposes. The total Ontario tax savings of \$2,280,000 in 2023 would lower the cost of the investment for Reilly Benn Plastics.

For more information, see *Annex: Details of Tax Measures and Other Legislative Initiatives*.

Creating Investment-Ready Land

Ontario must remain competitive with U.S. jurisdictions, both in terms of the overall availability of ready-use industrial lands and for mega-sites that can support large manufacturing investments. The government is working with municipalities and utilities on engineering designs and infrastructure upgrades for potential mega-sites. These efforts will help create serviceable industrial sites and boost Ontario's competitiveness in attracting high-value advanced manufacturing projects.

Creating Ontario's Electric Vehicle Supply Chain

The government is strengthening Ontario's position as the place to build the cars of the future. Over the past two and a half years, the province has attracted more than \$16 billion in investments by global automakers and suppliers of electric vehicle batteries and battery materials. These investments include:

- In February 2023, Magna International announced a \$471 million investment to expand the company's Ontario operations and support the opening of a new \$265 million electric vehicle (EV) battery enclosure facility in Brampton later this year.
- In July 2022, Umicore announced a \$1.5 billion investment to establish a manufacturing facility for cathode active materials and precursor cathode active materials used in batteries for electric vehicles.
- In May 2022, Stellantis announced a \$3.6 billion investment to retool and modernize its Windsor and Brampton plants while also expanding its Automotive Research and Development Centre in Windsor by building two Centres of Competency.
- In April 2022, General Motors announced an investment of more than \$2 billion to transform the company's Oshawa and Ingersoll manufacturing facilities to deliver the company's next generation of vehicles, including its all-electric commercial vehicle brand BrightDrop.
- In March 2022, LG Energy Solution and Stellantis announced the largest auto investment in Ontario's history. This joint investment of more than \$5 billion will be used to build the province's first large-scale EV battery manufacturing plant in Windsor.
- In March 2022, Honda announced a \$1.4 billion investment to upgrade and retool its plants in Alliston and begin manufacturing hybrid models.
- In October 2020, Ford announced \$1.8 billion in investment commitments to produce battery EVs and five new EV models at its Oakville assembly complex.
- Private-sector investments leveraged through the Ontario Vehicle Innovation Network and the Ontario Automotive Modernization Program.



Project Arrow

Project Arrow, the first, all-Canadian, zero-emission connected vehicle, is designed and built in Ontario. Project Arrow makes use of Ontario's complete end-to-end automotive supply chain with funding and support from the Ontario government through the Ontario Vehicle Innovation Network.

Supporting Homegrown Automobile Innovation

In the *2021 Budget*, the government announced an investment of \$56.4 million to launch the Ontario Vehicle Innovation Network (OVIN), incorporating EV and battery-related technologies into building a more comprehensive network. The OVIN encourages innovation and collaboration through partnerships between small and medium-sized enterprises (SMEs), academia, the auto industry and battery sector, including critical minerals development in Ontario's North. The OVIN, and its predecessor, the Autonomous Vehicle Innovation Network, have created 2,980 jobs, supported over 470 SMEs and leveraged over \$400 million in private-sector investments.

Piloting Urban Mobility Vehicles

The people of Ontario increasingly need new, affordable and green transportation options to get around. To help meet these goals, the government is exploring the introduction of an Urban Mobility Vehicle pilot program, which would allow these vehicles — along with other micromobility options — to operate on roads in Ontario. Local communities willing to participate would be able to opt into these pilots by passing municipal bylaws that would allow these vehicles on their roads.

Reinforcing Ontario's Clean Energy Advantage

Clean energy has become an economic imperative as companies around the world want to invest in jurisdictions with affordable, reliable and clean energy. Ontario's clean energy grid is another competitive advantage in attracting investments and jobs to the province. The government is continuing to invest in a clean energy future across the province. This is essential as Ontario attracts investments in sectors such as manufacturing, mining, electric vehicles and batteries, to compete and support the transition to a cleaner economy.

Launching the Clean Energy Credit Registry

The government is leveraging Ontario's clean electricity grid by launching a voluntary clean energy credit (CEC) registry to boost competitiveness and attract jobs. As environmental and sustainability goals increasingly influence corporate decisions on where to invest and grow, the clean energy credit registry will make Ontario a more attractive place to do business.

A CEC registry provides businesses with a tool to meet these goals and demonstrate that their electricity has been sourced from clean resources, such as hydroelectric, solar, wind, bioenergy and nuclear power. Funds generated through the purchases of CECs could be returned to ratepayers, to help lower electricity costs and support future clean energy generation.

Powering an Affordable, Reliable and Clean Electricity System for the Long Term

As Ontario's electricity demand continues to grow, the government is taking action to ensure an affordable, reliable and clean electricity supply is available.

The government's plan includes building a strong electricity system for the future, so Ontario has the power in place for economic growth and prosperity. Today, Ontario's electricity grid is among the world's cleanest, at approximately 90 per cent emission free. Ontario recognizes that an affordable, reliable and clean electricity supply is an economic imperative. The government is not waiting to act, and it is doing what it takes to help Ontario remain competitive and drive economic productivity and growth, while considering reliability and affordability on the path to electrification and a clean energy transition that works for consumers and job creators.

Chapter 1: Building a Strong Ontario

Energy storage is needed to help enable electrification and attract more investments to the province. As announced in February of this year, the largest battery storage project in Canada is being built in Ontario. The Oneida Energy Storage Project in Haldimand County is being developed in partnership with Six Nations of the Grand River Development Corporation, Northland Power, NRStor and Aecon Group. The project will provide enough power to meet the peak demand of a city the size of Oshawa.

The government has, in addition, directed the Independent Electricity System Operator (IESO) to acquire 4,000 MW of new electricity supply to support economic growth and electrification in the province. These procurements will target contracting a minimum of 1,500 MW of energy storage capacity, making this the largest procurement of battery storage in Canada's history.

Ontario has also increased the IESO's energy-efficiency programs by \$342 million. This new investment will result in additional savings of up to \$650 million and bring the total investment in energy efficiency to \$1 billion, helping families and businesses reduce their electricity use so they can save money on their energy bills.



Seizing Ontario's Nuclear Advantage

Nuclear power is a safe, reliable, and clean energy source. It is also a critical input in life-saving medical technology. Ontario is fortunate to be a global leader in the nuclear industry.

The government is leveraging Ontario's strong nuclear supply chain to develop the next generation of nuclear power. Ontario has been a leader in nuclear technology and innovation for over 75 years, starting with the country's first nuclear laboratories established in 1944 in Chalk River. Today, Ontario is at the heart of Canada's world-class nuclear industry, which includes more than 200 companies, contributes about \$17 billion to Canada's GDP and supports around 76,000 jobs. Ontario is the Canadian leader in the nuclear sector, being home to 18 of Canada's 19 nuclear power reactors.

Ontario is well-positioned to support small modular reactor (SMR) development and deployment in the province, Canada and globally. Site preparation is now underway for Canada's first grid-scale SMR at Ontario Power Generation's (OPG) Darlington New Nuclear Project site. In January 2023, OPG partnered with GE Hitachi Nuclear Energy, SNC-Lavalin, and Aecon to advance the new reactor.

Subject to further approvals, the new SMR at the Darlington New Nuclear Project site will be Ontario's first nuclear reactor built in a generation. The Darlington SMR project will provide about 300 megawatts of clean, reliable power to Ontario's electricity grid, which is enough to power 300,000 homes. Countries around the world are watching Ontario as OPG moves forward on deploying a GE-Hitachi BWRX-300 at Darlington. Ontario's nuclear sector is ready to support partners in other jurisdictions, leveraging the expertise of the province's world-class nuclear operators and exporting products and services from Ontario's highly skilled nuclear supply chain. This supports the deployment of SMRs as a clean and reliable source of electricity in other jurisdictions. Ontario companies have already signed agreements with companies in Poland, the Czech Republic and Estonia.

In addition, the government is supporting refurbishments at the Darlington and Bruce facilities and OPG's continued safe operation of the Pickering Nuclear Generating Station.

Ontario is also providing a grant to McMaster University for the McMaster Nuclear Reactor research project and production, which uses Canada's most powerful research reactor. This would increase production and research of critical nuclear isotopes. Canadian clinicians rely on access to medical isotopes to visualize and treat a variety of medical conditions, including heart disease and cancer.

Keeping Electricity Costs Down for Consumers and Job Creators

Keeping electricity costs down for businesses helps create jobs and promote economic development. The government is continuing to provide electricity price relief for both people and businesses while investing in a clean and reliable energy system in Ontario.

Under the Comprehensive Electricity Plan (CEP), a portion of the costs of non-hydro renewable energy is being shifted from ratepayers to the government, lowering bills by about 14 to 17 per cent on average, for medium and larger sized industrial and commercial consumers.

In addition, eligible farms and small businesses also benefit from the Ontario Electricity Rebate (OER), which continues to lower bills by providing a direct rebate on electricity costs for eligible consumers, including eligible residential customers, and ensuring that average residential bills rise at a predictable rate, well below the current rate of inflation.

The Northern Energy Advantage Program (NEAP) provides a rebate of two cents per kilowatt-hour for eligible mining, forestry and steel operations in Northern Ontario. The program was expanded to allow more businesses to qualify for funding, and the \$20 million funding cap per participant, which existed under the former Northern Industrial Electricity Rate Program, was removed. The expanded NEAP helps eligible large industrial operators better manage electricity costs and create and sustain good jobs in Northern Ontario to maintain global competitiveness.



Helping Ontario Businesses Succeed

Helping Small Businesses Grow

As part of the plan to create the conditions for future growth, the government is helping small businesses compete and thrive by cutting taxes to lower their costs.

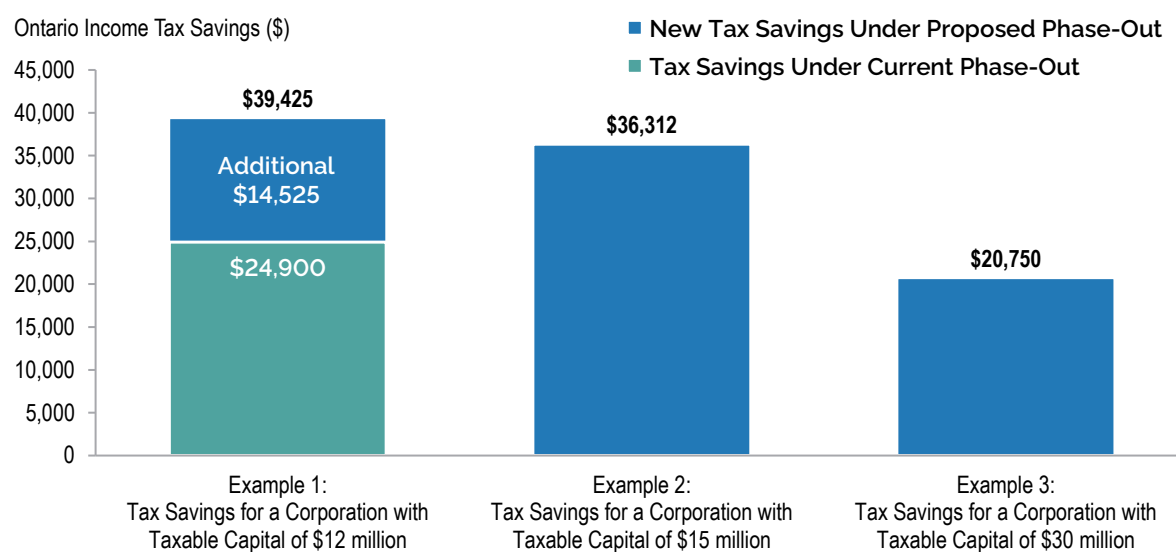
This is why Ontario provides over \$3 billion in annual support to small businesses by offering a preferential small business Corporate Income Tax (CIT) rate of 3.2 per cent.

In the *2022 Ontario Economic Outlook and Fiscal Review*, the government proposed to lower costs for more small businesses by expanding access to the small business CIT rate. The government plans to extend the range over which the benefit from the small business CIT rate is phased out and is proposing amendments to the *Ontario Taxation Act, 2007* to implement the proposed change. The phase-out range would be extended from between \$10 million and \$15 million of taxable capital to between \$10 million and \$50 million of taxable capital. This change would mirror the corresponding federal measure and apply to taxation years that begin on or after April 7, 2022.

By expanding the phase-out range, the government would provide about 5,500 of Ontario's small businesses with additional Ontario income tax relief of \$265 million from 2022–23 to 2025–26.

An eligible corporation could receive over \$36,000 in Ontario income tax relief each year. The examples in the chart below show the annual Ontario income tax savings to a corporation at \$12 million, \$15 million and \$30 million of taxable capital.

Chart 1.1
Annual Ontario Corporate Income Tax Savings from Extending the Proposed Small Business Limit Phase-Out



Note: Each example assumes the corporation has at least \$500,000 in taxable income and active business income.

Source: Ontario Ministry of Finance.

Supporting Entrepreneurship in Ontario

Expanding Support for Young Entrepreneurs

Previous investments in Futurpreneur Canada have helped 221 Ontario businesses from April to December 2022 and have resulted in the creation of 1,105 jobs. To help entrepreneurs achieve their business goals, the government is providing an additional \$2 million in 2023–24 to Futurpreneur Canada. The non-profit organization helps businesses led by people aged 18 to 39 by offering mentorship programs and loan capital worth up to \$20,000. The government's investment will also help address some of the unique economic barriers facing youth and women, as well as racialized and Indigenous entrepreneurs, to transform their entrepreneurial passions into thriving businesses.

Supporting Racialized and Indigenous Communities and Businesses

To help address systemic racism, Ontario is investing an additional \$15 million over three years for the Racialized and Indigenous Supports for Entrepreneurs (RAISE) Grant Program that includes support for Indigenous, Black and other racialized people, as well as an additional \$3 million in the Black Youth Action Plan. Together, this funding will provide Indigenous, Black and other racialized youth and entrepreneurs with support to help overcome barriers and participate in the economy.

Promoting Regional Innovation Centre Hubs

Regional Innovation Centre hubs play an important role in supporting entrepreneurship by collaborating with other Regional Innovation Centres and innovation organizations to ensure entrepreneurs have access to the tools they need to start and fuel their businesses. The Ottawa region continues to see growth and opportunity for innovators and entrepreneurs. For this reason, the government is providing an additional \$1 million per year for three years to Invest Ottawa, starting in 2023–24, to expand into a Regional Innovation Centre hub for Eastern Ontario.

Attracting International Entrepreneurs to the City of Brampton

Ontario is providing \$4 million in 2023–24 to support the City of Brampton in attracting more entrepreneurs and business investment to help drive economic growth. Part of this support will help diversify the local economy by attracting international entrepreneurs and business investment through the Brampton Innovation District. The Brampton Innovation District is home to a number of innovation partners including BHive Brampton, a startup incubator program offering international startups and entrepreneurs the tools, resources and space to establish their businesses in Ontario.

Building the Future of the Life Sciences Sector

Just as Ontario is developing a competitive advantage in electric vehicles and batteries, the province has a strong foundation to continue growing the life sciences sector. Over the past two and half years, Ontario has attracted nearly \$3 billion in investments by global biomanufacturers. In November 2022, the government launched the Life Sciences Innovation Fund, a \$15 million early-stage fund to help life sciences entrepreneurs and innovators bring their ideas and prototypes from the lab to the marketplace. The fund is being delivered by the Ontario Centre of Innovation, and eligible companies will receive up to \$500,000 to scale their made-in-Ontario health solutions.

The government is also creating an industry-led Life Science Council to provide proactive advice on the complex challenges facing the sector, along with opportunities for increasing competitiveness and advancing made-in-Ontario solutions.

These two initiatives are instrumental to delivering *Taking Life Sciences to the Next Level*, the province's strategy to grow Ontario's life sciences sector and secure new investments in next-generation health technologies, medicines and vaccine manufacturing.



Investing in Ontario's Life Sciences Sector

In February 2023, AstraZeneca announced its investment to support the AstraZeneca Research & Development Hub in Mississauga and create the new Alexion, AstraZeneca Rare Disease Development Hub, which focuses on rare disease research. The investment will bring 500 highly skilled scientific and high-tech jobs to the Greater Toronto Area (GTA) to expand the company's research footprint in Canada.

Supporting Ontario's Emerging Marine Transportation Industry

Marine is a key component of Ontario's multi-modal transportation system. The government is engaging on the development of Ontario's first Marine Transportation Strategy. This initiative creates new opportunities and partnerships in the sector while supporting greater integration of the movement of people and of goods.

Driving Business and Job Growth by Investing in Critical Technologies

The adoption and commercialization of critical technologies are changing how businesses deliver products and services. The government is investing \$107 million in new critical technology initiatives to provide access to and drive commercialization of technologies that will propel the next generation of innovation, fuel job growth, and ensure businesses remain competitive. In December 2022, the government launched a Request for Information (RFI) for initiatives focused on six critical technologies: 5G/Next Generation Networks, artificial intelligence (AI), quantum, robotics, blockchain and cybersecurity. The submissions that were received will inform the design of the Call for Proposals to be launched this spring to ensure the funding will be used to strengthen Ontario's capacity and leadership in the development and adoption of these six critical technologies.

Supporting Business Through Government Procurement

Ontario is home to top talent driving world-class innovative solutions. For decades, Ontario businesses looking to work with the government have been frustrated by red tape, burdensome processes and a lack of transparency. This rewards those who know how to navigate the system rather than those who make the best products and value. Ontario is changing this by centralizing procurement, enhancing the rules and making significant investments in government adoption of Ontario-made solutions.

Procurement must be a key lever to driving Ontario's economic development, innovation and supply chain stability. Entrepreneurs and local businesses looking to scale up will have more opportunity to participate in government procurement, increasing demand for made-in-Ontario products, creating well-paying jobs in communities across the province, and leading to lower prices for Ontario consumers.



Modernizing Capital Markets and Financial Services

The government is enhancing consumer protection. This includes proposed amendments to the *Insurance Act* to support the Financial Services Regulatory Authority of Ontario (FSRA) in ending the use of deferred sales charges in the sale of segregated funds.

The government is also working to ensure consumers and investors receive appropriate advice when they obtain a mortgage. On April 1, 2023, new licensing classes for mortgage brokers and agents will be introduced in Ontario with enhanced education and experience requirements that focus on mortgage products funded by private lenders.

The Ontario Securities Commission (OSC) introduced several measures to improve access to capital for companies and access to markets for investors, including new prospectus exemptions, streamlined regulatory reporting requirements, and expanded eligibility for sophisticated investors. Ontario will continue to work closely with the OSC to protect investors, foster more competitive capital markets, and continue modernization efforts, including enhancing corporate diversity.

Enhancing Risk Management in the Financial Sector

The government is investing \$3 million over three years to support effective risk management, through the Global Risk Institute. Founded in 2011 by the Ontario government, the Government of Canada and financial industry members, this non-profit organization brings together executives to develop actionable strategies addressing geopolitical, environmental and infrastructure-related risks. With this investment, Ontario will be better positioned to handle emerging risks and maintain its leadership in the financial industry.

Reviewing Ontario's Tax System

As the government continues to deliver its plan to make Ontario an attractive place for businesses to invest and grow, it will be reviewing the province's tax system.

The tax review will build on the government's track record of supporting business, seniors and working families. It will prioritize competitiveness and long-term growth in the province, as well as the fairness and effectiveness of tax relief and supports.

The review will also focus on modernized administration tools that strengthen Ontario's growth and prosperity and complement Ontario's ongoing efforts to reduce red tape.

Modernizing Ontario's Tax Administration System

Connecting with government should be easy and straightforward. This is why Ontario is making improvements to simplify tax administration by creating a more convenient, modern and digital platform. The government is also using its digital, agile and lean resources for a better customer service experience and to ensure tax and benefit services are delivered simply and quickly to save money for businesses and the people of Ontario. Continued investments in information technology (IT) infrastructure will bring more digital options to clients, and the collection of client feedback will guide the improvements to programs, services and the overall client experience.

Building Highways, Transit and Infrastructure Projects

Ontario's population is growing, jobs are being created, businesses are investing, and the government is building infrastructure to support growth across the province. The workforce of today and tomorrow will build Ontario's highways and roads, transit, hospitals, schools and long-term care homes that will help alleviate gridlock, connect communities and lay the foundation to improve people's access to jobs, public services, family and friends. To support the future of Ontario, the government plans to invest more than \$184 billion over the next 10 years in public infrastructure.

This is the most ambitious capital plan in Ontario's history.

OntarioBuilds is an interactive government web page that can be visited at ontario.ca/ontariobuilds featuring a map and information on the status of thousands of infrastructure projects and investments across Ontario.

Building Faster

The government is improving its practices to build highways, transit, and community infrastructure projects better and faster.

Accelerating Construction

In response to changing market conditions, the government continues to improve its procurement and delivery practices to mitigate schedule delays for projects. For example, the government is:

- Using a variety of delivery models and innovative procurement strategies that make it easier to collaborate with builders on project requirements, design and pricing to help ensure that Ontario gets robust and competitive bids for its infrastructure projects;
- Separating the scope of large complex projects, such as the Ontario Line, into smaller contracts to generate market interest and lay the foundation for future works; and
- Continuing the use of modular builds and promoting design standardization, while also continuing to work with municipalities to enable faster approvals.

Chapter 1: Building a Strong Ontario

In addition, the government introduced legislation to accelerate infrastructure construction while putting measures in place to protect health and safety. The *Building Transit Faster Act, 2020* enables Ontario to expedite progress on priority transit projects. The *Supporting Broadband and Infrastructure Expansion Act, 2021* and the *Getting Ontario Connected Act, 2022* are making it easier for internet service providers (ISPs) to deploy infrastructure to provide faster access to reliable, high-speed internet.

Measures introduced through Ontario's Housing Supply Action Plan and the *COVID-19 Economic Recovery Act, 2020* that aim to speed up construction are also helping to speed up approvals to get infrastructure like housing, schools, hospitals and long-term care homes built faster.

Using Technology to Improve Infrastructure Planning, Delivery and Operations

The government will continue to leverage insights from industry to successfully deliver Ontario's ambitious capital plan. For instance, digital twins are virtual representations of physical assets, systems or networks that are regularly updated with real-world data and provide key insights to optimize designs, maintenance, and operations, as well as reduce costs for stakeholders. This insight could be used to improve infrastructure planning and enable data-driven decision-making in the province.

As the government continues to make use of leading technology to build hospitals, highways, transit and other key infrastructure, digital twins can play a critical role in ensuring that these projects are delivered more effectively and efficiently.



The government is also enabling new ways to tackle key priorities such as safety, highway maintenance and gridlock through better use of available traffic and transportation-related information.

Through this initiative, Ontario will strengthen the use of transportation-related data and information services, improve program operations, and continue to find ways to leverage data to inform decision-making.

Training Workers to Build Ontario

Ontario is facing a historic labour shortage in the construction sector with over 28,800 vacancies in the third quarter of 2022, more than double the number in the same period in 2019. This is why Ontario is investing in skills training, including through the province's Skilled Trades Strategy, the Skills Development Fund and Better Jobs Ontario. Ontario is leading the country by being the first in Canada to remove significant barriers for internationally trained workers and ensuring that out-of-province skilled workers can register in their regulated profession or trade within 30 business days. These investments will help get shovels in the ground faster to build highways, transit, hospitals, housing and other essential infrastructure projects across the province.

Addressing Labour Shortages in Construction

Ontario will need about 72,000 additional construction workers by 2027¹ to help deliver the province's ambitious capital plan, including getting 1.5 million homes built by 2031. Through the Skills Development Fund, Ontario has invested in training to help develop the workforce the province needs, including investing \$3.5 million in the Provincial Building and Construction Trades Council of Ontario to encourage more students to choose careers in the skilled trades. These training projects will give nearly 2,000 young people a pathway to a good-paying job in the construction industry with paid training and union-sponsored apprenticeships.

The Provincial Building and Construction Trades Council of Ontario brings together 12 leading construction unions with a provincewide membership of 150,000 workers. This investment has also supported the council's focus on recruiting people who have traditionally been underrepresented in the construction and skilled trades, giving more workers the opportunity to start a meaningful career.

¹ Buildforce Canada, "Forecast Summary Report for Ontario," (2022), <https://www.buildforce.ca/en/lmi/forecast-summary-reports?year=2022>

Fighting Gridlock

Gridlock on highways and roads costs the economy more than \$11 billion² a year in productivity, including time lost by commuters and drivers, higher costs of doing business and reduced access to jobs and housing, and keeps people from getting home to their families faster.

The Ontario government is continuing to execute its plan to deliver effective and resilient infrastructure that is built not just for today but for future generations.

Building Highway 413

The Greater Golden Horseshoe is one of the fastest-growing regions in North America. By 2051, population and employment figures in the Greater Golden Horseshoe are forecast to grow from 10 million to 14.9 million people, and from 4.9 million to 7 million jobs, respectively.

Ontario is moving ahead with its plan to build Highway 413, a new 400-series highway and transportation corridor across Halton, Peel and York regions that will bring relief to the most congested corridor in North America. Preliminary design, environmental assessment work and consultations are underway for the new route.

The proposed 52-kilometre (km) route will extend from Highway 400, between King Road and Kirby Road, to the 401/407 interchange near Mississauga, Milton and Halton Hills, with connections to Highways 400, 401 and the 407. The project also includes a four-km extension to Highway 410 and a three-km extension to Highway 427 for a total of 59 km on the corridor.

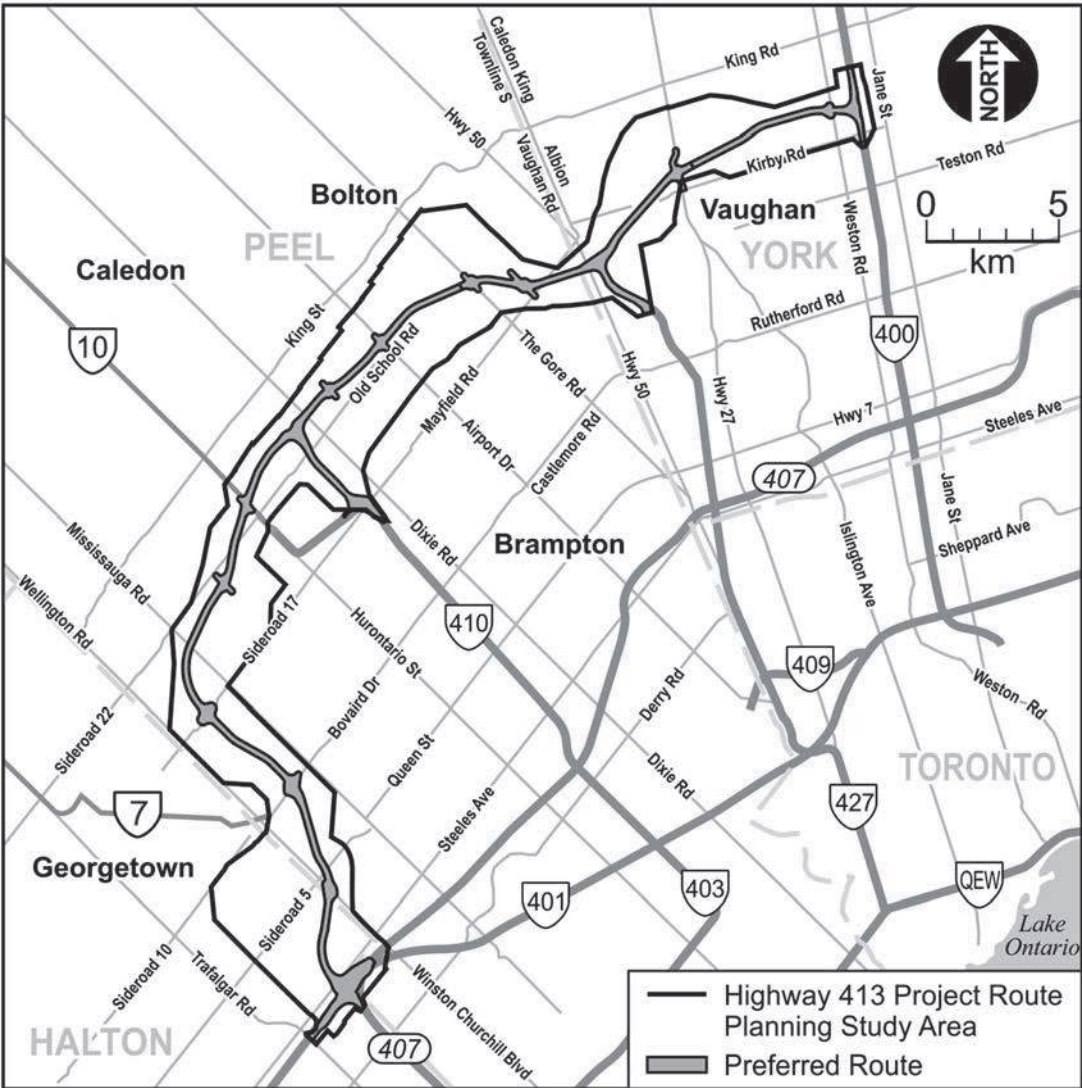
During construction, Highway 413 is expected to support up to 3,500 jobs each year and generate up to \$350 million in annual real GDP.

Once completed, Highway 413 will help goods travel faster to, and through, the Greater Golden Horseshoe and save drivers up to 30 minutes each way on their commute.

Ontario's trucking industry accounts for about one per cent of Ontario's GDP and approximately 36 per cent of the jobs in the transportation sector. The transportation system is the backbone of Ontario's export-driven economy, with more than \$3 billion worth of goods moving on Ontario's highways per day.

² Benjamin Dachis, C.D. Howe Institute, "Cars, Congestion and Costs: A New Approach to Evaluating Government Infrastructure Investment," (2013), <https://www.cdhowe.org/public-policy-research/cars-congestion-and-costs-new-approach-evaluating-government-infrastructure-investment>

Chart 1.2
Highway 413 Project Route



Source: Ontario Ministry of Transportation.

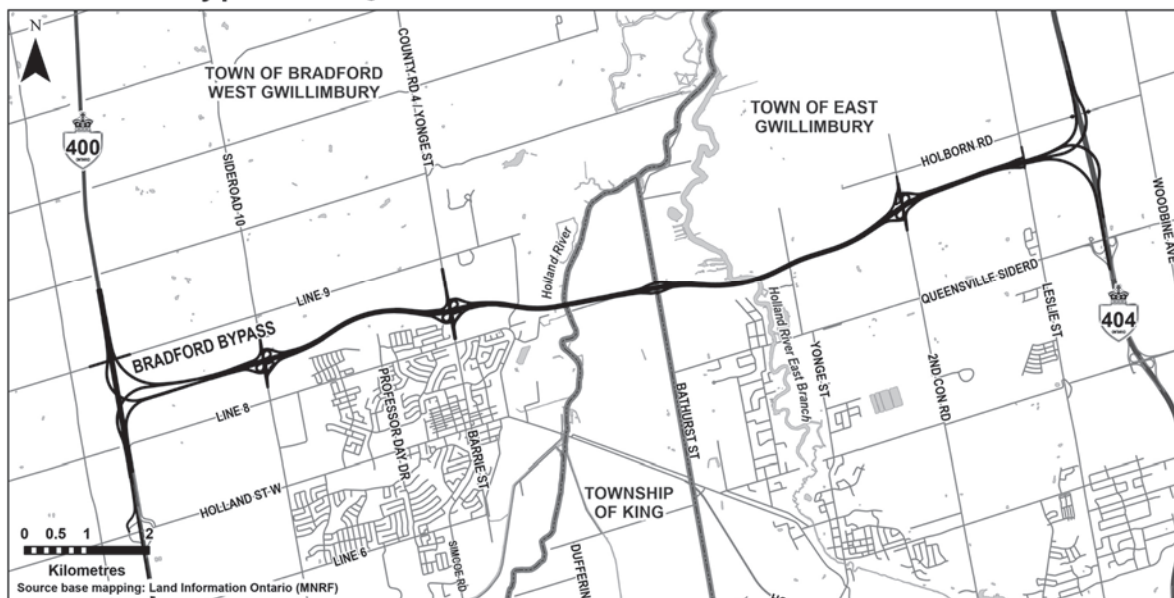
Building the Bradford Bypass

The County of Simcoe is expected to experience rapid population growth over the next 10 years, and York Region is expected to grow to approximately 1.8 million residents by 2041. To support this growth, the government is taking steps towards building the Bradford Bypass, a new four-lane freeway connecting Highway 400 in the County of Simcoe and Highway 404 in York Region. Motorists and commercial truck drivers are expected to experience significant savings of up to approximately 35 minutes in travel time when using the Bradford Bypass compared to using existing routes along local roads.

The Ontario government marked another milestone to relieve gridlock, create jobs and connect communities in the Greater Golden Horseshoe by starting construction on a bridge crossing over the future Bradford Bypass. In April 2022, the government awarded the contract to design and construct the new bridge, which will allow County of Simcoe Road 4 (Yonge Street) between 8th Line and 9th Line to cross over the future Bradford Bypass. The project will also include widening County Road 4 from two to four lanes.

Once complete, the Bradford Bypass will get goods to market faster and strengthen supply chains and is expected to support an estimated 2,640 jobs per year, on average, during construction as well as generate an estimated \$274 million in annual GDP.

Chart 1.3
Bradford Bypass Project Route



Expanding Highway 401 in Eastern Ontario

The Highway 401 corridor in Eastern Ontario is an important economic link between Ontario, Eastern Canada and the United States. It carries about 10,000 trucks with commodities valued at up to \$380 million per day. The government is continuing work to widen Highway 401 from Brock Road in Pickering through Eastern Ontario, helping tens of thousands of drivers per day get to work and home faster and get goods moving quicker.

Twinning the Queen Elizabeth Way Garden City Skyway

Ontario is moving forward with the Queen Elizabeth Way (QEW) Garden City Skyway Bridge Twinning project, which includes construction of a new twin bridge on the QEW over the Welland Canal connecting the City of St. Catharines to the Town of Niagara-on-the-Lake. This section of the highway supports the province's supply chain by linking the international border crossings at Niagara Falls and Fort Erie with the Greater Golden Horseshoe.

Building the New Highway 7

The next phase of construction for the new Highway 7 between Kitchener and Guelph will provide relief to the gridlocked Highway 401 and connect the fast-growing urban centres of Kitchener, Waterloo and Guelph. Design of the Frederick Street bridge replacement is well underway with utility work targeted to begin in 2023.



Building Roads, Highways and Bridges Across Ontario

The government is investing \$27.9 billion over the next 10 years to connect communities, fight gridlock and keep goods and people moving across the province. The Ontario Highways Program includes more than 600 expansion and rehabilitation projects that are either underway or planned over the next four years. In 2023–24 alone, Ontario is investing \$3.2 billion towards projects that will expand and repair provincial highways and bridges.

The Ontario Highways Program also includes widening existing corridors to increase capacity and enhance road safety for travellers by separating opposing lanes of traffic and providing additional passing opportunities, including:

- Completing the widening of Highway 17 from two to four lanes for 22.5 km between Arnprior and Renfrew;
- Widening Highway 3 from two to four lanes for 15.6 km between Essex and Leamington; and
- Widening Highway 11/17 from two to four lanes between Thunder Bay and Nipigon for 14.4 km starting east of Highway 587.

Table 1.1
Recently Completed Highway Projects

Northern	Eastern
• Highway 101 east of Foley: Bridge replacement and resurfacing work west of Highway 144. • Highway 69 in French River: Highway widening north of Highway 522. • Highway 11/17 and Highway 61 in Thunder Bay: Resurfacing work of the Thunder Bay Expressway.	• Amherst Island: Amherst Island Ferry Service dock replacements. • Highway 401 in Grafton: Facility improvements at a maintenance patrol garage. • Highway 417 in Ottawa: Bridge rehabilitation and replacement at Innes Road and Ramsayville Road.
Southwestern	Central
• Highway 401 in Ayr: Construction of a new patrol yard at Regional Road 97. • Highway 403 in Brant: Bridge rehabilitation and resurfacing work from West Quarter Townline Road to Bishopsgate Road. • Highway 402 in Sarnia: Resurfacing work from Front Street to Lambton County Road 26 (Mandaumin Road).	• Highway 410 in Brampton: Bridge rehabilitation and interchange improvements from Courtneypark Drive to Queen Street. • Highway 403 in Hamilton: Resurfacing from Jerseyville Road to Wilson Street. • Highway 400 in York: Highway widening from Major Mackenzie Drive to King Road.

Source: Ontario Ministry of Transportation.

Widening Highway 401 from Mississauga to Milton

The Ontario government expanded Highway 401, the busiest and most congested highway in North America, with 18 kilometres of new lanes open from Mississauga to Milton. Approximately 180,000 vehicles and \$930 million worth of goods per average weekday travel this section of Highway 401 from the Credit River in Mississauga to Regional Road 25 in Milton. Widening Highway 401 is another step forward in Ontario's plan with investments in the transportation system to reduce gridlock, improve economic productivity, create more prosperous communities and support the rapid population growth expected for the region.

Chart 1.4

Widening Highway 401 from Mississauga to Milton



Source: Ontario Ministry of Transportation.

Building Transit

By 2042, Ontario's population is expected to reach nearly 20 million. Rapid growth in urban centres, along with other factors such as shifting work-life patterns and technological advancement, require upgrades to the existing transit system.

The Ontario government is investing \$70.5 billion over the next 10 years for transit. Building Ontario through critical public transit projects is vital to supporting the province's economy, alleviating gridlock, connecting more people to jobs and housing, and creating thousands of good, local jobs.

Building GO Transit

Ontario is continuing to transform the GO Transit rail network into a modern, reliable and fully integrated rapid transit network. Investments to expand GO Transit service will generate 8,300 annual jobs in the first 12 years of construction and delivery. This will also help reduce commute times and emissions. These investments will improve access and convenience across the Greater Golden Horseshoe and into Southwestern Ontario by steadily increasing service with faster trains, more stations and better connections. Recent milestones include:

- **Kitchener GO Rail Extension:** Following its contract award in May 2022, Metrolinx has begun work on Guelph Central GO Station to construct a second platform, a new storage track for maintenance vehicles and a passing track in the community of Breslau to allow trains moving in opposite directions to pass each other.
- **Confederation GO Station:** In October 2022, construction of the new station commenced. This new station will support a more integrated transit network for Hamilton, providing better connections to existing local transit and GO bus services, while facilitating future increased GO rail service opportunities to Toronto and Niagara Falls.
- **Weston GO Station:** In August 2022, construction for an additional platform was completed. The new platform serves an additional fourth track that supports GO Expansion's plans for more frequent, reliable service on the Kitchener Line.
- **Maple GO Station:** Construction crews are continuing work to prepare for the future addition of a second track from Rutherford Road to McNaughton Road that will support high-frequency two-way service in the future.



- **The Davenport Diamond:** Work to enable frequent two-way GO service is continuing on one of the busiest flat train intersections in North America. Ontario is building a raised guideway to elevate the Barrie GO Line above CP freight train tracks. The concrete pour for the new guideway to carry GO trains above CP freight trains has been completed.
- **Bowmanville GO Rail Extension:** The procurement process is underway to construct the rail infrastructure required to extend GO rail service east of Oshawa into Bowmanville.
- **Bramalea GO Station:** The new bus loop is now open for GO Transit and Brampton Transit users. These improvements bring two bus services to one location, making it easier for customers to connect to their GO Train.
- **Niagara GO Rail Extension:** The government continues to work with rail partners to find ways to deliver increased service between Union Station and the Niagara Region.

Year-Round Weekend GO Rail Service to Niagara

Niagara Falls is a world-class tourist destination that draws millions of visitors each year from all over the globe. This is why Ontario has brought back year-round weekend GO rail service between Union Station in Toronto and Niagara Falls. The service includes two round trips each day, offering travellers a faster, more direct journey between downtown Toronto and one of Canada's top tourist destinations. Year-round weekend GO service supports local businesses and helps create jobs by making it easier for everyone to access the many attractions in this incredible tourist spot, including the new OLG Stage at Fallsview Casino.

Building Light Rail Transit (LRT)

The government continues to make progress on delivering rapid transit projects to make life easier for people by reducing travel times and creating more transit options.

- **Hazel McCallion Line:** The majority of construction is now complete for the Line's operations, maintenance and storage facility. A new underpass has also been installed at Hurontario Street and the QEW to support installation of the rail tracks. The Hazel McCallion Line will bring an environmentally friendly and reliable transportation system to Mississauga and Brampton.
- **Finch West LRT:** This LRT will bring fast, reliable transit from Humber College to Finch West Station. Work on both stations has reached structural completion, meaning all steel and concrete work is now in place.

Building Transit-Oriented Communities

The Transit-Oriented Communities program is part of the government's plan to build vibrant, complete, mixed-use communities at or around transit stations. Transit-Oriented Communities will help increase transit ridership, create sustainable communities, and build more homes, including more affordable housing, around GO Transit, light rail transit (LRT) and subways. While the province works to help build 1.5 million homes over the next decade, work is already underway to deliver on the Transit-Oriented Communities at eight future stations along the new Ontario Line and Yonge North Subway Extension, creating over 73,000 new jobs and approximately 48,000 new residential units.

The government is engaging with municipalities and building partners to explore new funding avenues to deliver cost-efficient transit solutions for commuters. For example, the value created through the Transit-Oriented Communities at the future Bridge and the High Tech stations will help build a new station at Royal Orchard along the Yonge North Subway Extension.

The government is preparing for the selection of building partners for Transit-Oriented Communities sites at future stations along the new subway lines, such as Corktown, Queen-Spadina, King-Bathurst and Exhibition stations. Building partners have been found for several future stations, with the government signing an agreement in April 2022 for a Transit-Oriented Community at the future East Harbour Transit Hub. The planned 38-acre East Harbour site will include the creation of a major employment centre, new residential and commercial space, community amenities and parkland, as well as affordable housing.



Building Subways

Ontario's bold plan for the largest subway expansion in Canadian history includes the Ontario Line, the Scarborough Subway Extension, the Yonge North Subway Extension and the Eglinton Crosstown West Extension. With shovels now in the ground on three out of four of Ontario's priority subway projects, the government is closer to providing better travel options, alleviating gridlock on the roads and creating thousands of good, local jobs.

There is a strong case for providing Ontario with a world-class and sustainable transport system that will not only support economic development but keep up with projected growth. Once complete, the four subways will see estimated daily ridership of:

- 388,000 trips for the Ontario Line;
- 92,100 trips for the Yonge North Subway Extension;
- 52,000 trips for the Scarborough Subway Extension; and
- 37,000 trips for the Eglinton Crosstown West Extension.

The combined subway projects will support more than 16,000 jobs annually during construction over the next decade. Shovels are in the ground, with recent milestones including:

- **Ontario Line:** In addition to awarding the two major works packages, the government also released two Requests for Qualifications (RFQs) for the northern segment of the Ontario Line, which includes work for the Pape Tunnel and underground stations and the elevated guideway and stations.
- **Scarborough Subway Extension:** In January 2023, tunnelling began for the Scarborough Subway Extension. The tunnel boring machine for the subway will travel about 10 to 15 metres a day, making its way south towards Eglinton Avenue East and Midland Avenue, where it will be extracted. In November 2022, the government also selected a development partner for the Stations, Rail and Systems Contract. This contract includes design and construction of three new underground stations and bus terminals at each station.
- **Yonge North Subway Extension:** Upgrades at Finch Station including early works, which will include improvements made to the electrical system that powers the rails, is underway.
- **Eglinton Crosstown West Extension:** Tunnelling on the project has also commenced. As of March 1, 2023, the two boring machines have tunnelled more than a combined 5.6 kilometres.

Legend



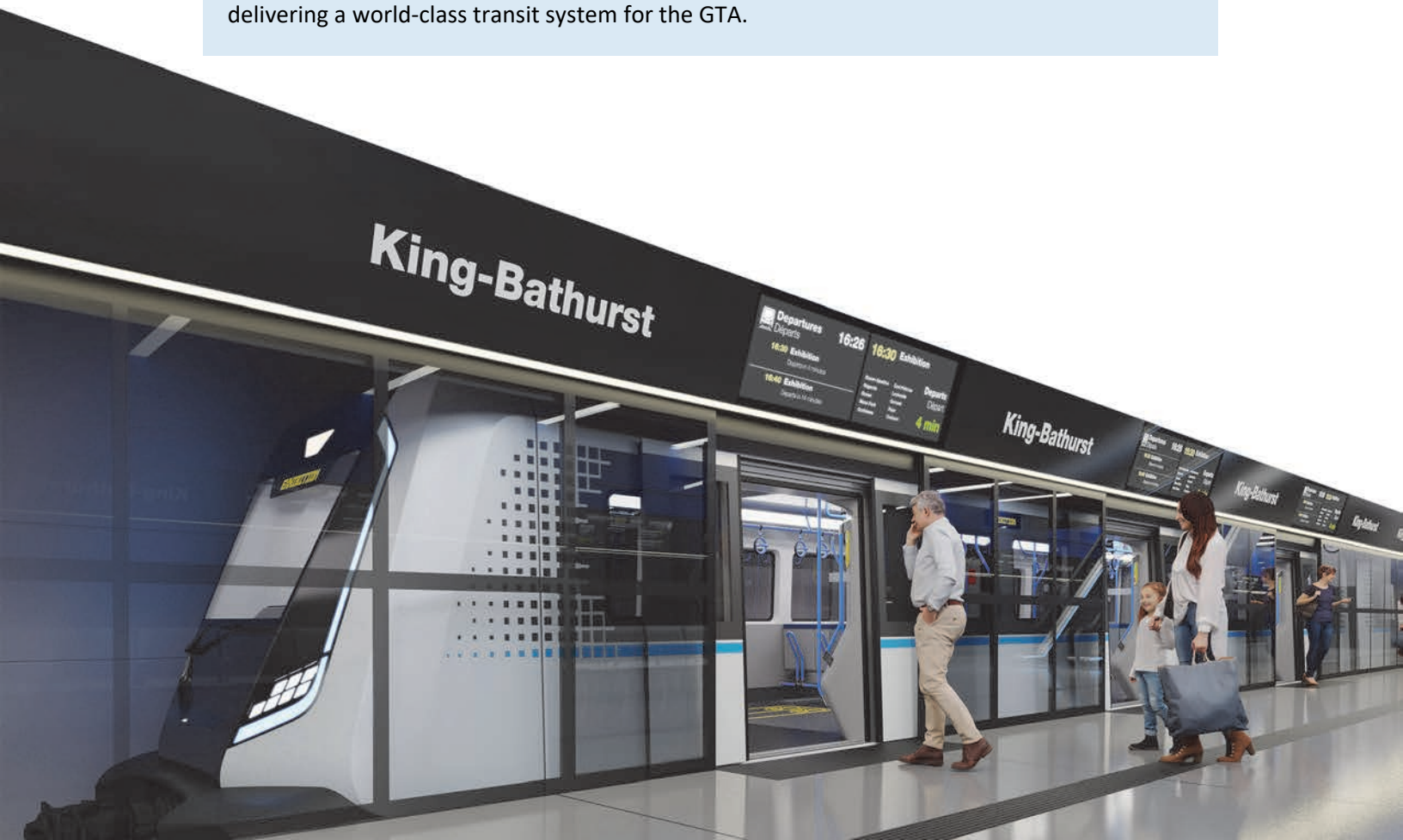
Building the Ontario Line

The Ontario Line will be transformational for the Greater Toronto Area (GTA) and is a key part of the government's plan to build the transit needed to move the economy forward. In November 2022, the government marked a major milestone in its plan to deliver faster and better transit for the GTA by awarding two major contracts for the Ontario Line.

The Rolling Stock, Systems, Operations and Maintenance contract was awarded, which includes designing, building, operating and maintaining all track, communications, and train control systems, as well as the maintenance and storage facility. This also includes designing and supplying the Ontario Line fleet of trains. These new trains will have the latest technology and feature onboard Wi-Fi, digital passenger information screens, charging points, dedicated spaces for bicycles, double wheelchair areas, and continuous, connected carriages.

The contract for the Southern Civil, Stations and Tunnel package was also awarded, which includes a six kilometre twin-bore tunnel, four new underground stations (King-Bathurst, Queen-Spadina, Moss Park and Corktown), two underground stations that will integrate with the existing Osgoode and Queen Toronto Transit Commission (TTC) subway stations, and one above-ground station that will integrate with the existing Exhibition GO Station served by the Lakeshore West Line.

Early works construction is already underway at Exhibition Station and in the joint corridor west of the Don River. Awarding these contracts brings Ontario another step closer to delivering a world-class transit system for the GTA.



Building Safe and Reliable Transportation for Northern Communities

Northern communities need transportation options that connect them to the rest of the province and provide access to goods and services in other regions. Reinstating the Northlander and improving road safety demonstrates real progress to build a better transportation network for the North.

Bringing Back the Northlander

Ontario is delivering on its promise to restore passenger rail service in Northern Ontario. The reinstated Northlander train will support industries, resource sectors, and provide a safe and reliable transportation option for Northern communities, especially in the winter months.

The government is investing \$139.5 million for three new trainsets that will bring back passenger rail service between Timmins and Toronto, unlocking the economic potential of Northern industries, resources and minerals.

This purchase demonstrates real progress, as the government continues to take concrete steps to build a better transportation network for the North.

The new rail cars will be built by Siemens Mobility Limited and will include built-in wheelchair lifts, mobility aid storage spaces and fully accessible washrooms. The trainset interiors will also feature spacious seating and modern amenities, including Wi-Fi connectivity. Once reinstated, the Northlander train will ensure access to essential services like health care and education, while supporting economic prosperity and tourism in the region and strengthening the connection between the North and the South.



Investing in Winter Roads

Ontario's winter roads network provides seasonal connections to all-season roads for remote First Nation communities in the Far North. The winter roads network makes it possible for remote communities to deliver essential goods and services, support special projects, including bridge improvements, maintenance of crossings and other repairs, and enable inter-community connections.

This is why the government is improving the reliability, safety, and environmental impact of the winter roads network by investing an additional \$5 million in annual funding for Winter Roads Program enhancements.

Improving Road Safety in the North

The Ontario government has improved road safety in Northern Ontario by creating a new standard for clearing snow. In November 2022, Ontario established the new "ON Trans-Canada" standard, which requires contractors to clear Highways 11 and 17 within 12 hours of the end of a winter storm, four hours faster than previously prescribed.

Building Community Infrastructure and High-Speed Internet

Communities across Ontario are growing rapidly and will need investments in hospitals, long-term care facilities, schools, child care spaces, recreational centres, and high-speed internet to help communities remain strong, healthy and safe for years to come.

Redeveloping Ontario Place

The Ontario government is delivering on its promise to bring Ontario Place back to life, making it a remarkable world-class destination for everyone to enjoy. Ontario Place is being redeveloped into a year-round destination that will include family-friendly entertainment, public and event spaces, waterfront access, health and wellness services, and an indoor-outdoor live music and performance venue. This once-in-a-generation redevelopment project is expected to create approximately 5,000 jobs and attract four to six million visitors every year.

The provincial government is making progress to revitalize Ontario Place by:

- Modernizing the site and preparing the land for development by upgrading site services through the release of the Request for Proposal (RFP) in December 2022;
- Working with independent heritage experts and experienced construction managers to make essential repairs to protect the iconic Cinesphere, Pod Complex and bridges; and
- Continuing to advance the Environmental Assessment and public realm design process for the government-led portion of the site, which includes consultation and engagement with Indigenous communities, stakeholders, and the public.

Once complete, Ontario Place will provide the public with access to a beach, enhanced waterfront, green space and parkland, as well as a variety of experiences and recreational activities including waterfront trails.



Building Hospitals

As part of its plan to build a more connected and convenient health care system, the government is implementing the most ambitious plan for hospital expansion in Ontario's history, investing over \$48 billion over the next 10 years in hospital infrastructure, including over \$32 billion in hospital capital grants. This includes supporting more than 50 hospital projects that would add 3,000 new beds over 10 years to increase access to reliable, quality care. Recent milestones include:

- **Grand River Hospital and St. Mary's General Hospital Joint Redevelopment Project:**
The 2022 *Budget* announced the planning of the Grand River Hospital and St. Mary's General Hospital Joint Redevelopment Project to construct a new, joint acute care facility and expand existing facilities in the Kitchener-Waterloo region.
- **Toronto East Health Network – Michael Garron Hospital Phase 1 New Patient Care Tower:**
In early 2023, Ontario completed construction of the Michael Garron Hospital's new patient care tower, which houses 215 beds in a new, modern facility. Other renovations are underway to support the hospital's clinical programs.
- **Centre for Addiction and Mental Health – Phase 1D Redevelopment Project:** In December 2022, Ontario released the RFP for the Forensic Building component to the Phase 1D Redevelopment Project. These critical expansion and redevelopment plans provide inpatient capacity of up to 214 beds for the forensic mental health program, including 33 new inpatient beds.
- **Queensway Carleton Hospital – Mental Health Redevelopment Project:** In December 2022, construction of the new addition was completed. This project adds two new acute mental health beds and expands space for mental health and addictions programs and services. The remaining renovations are scheduled to be complete by November 2023.
- **Brock Community Health Centre – New Build Project:** In April 2022, Ontario supported the construction of the project, which is currently underway. The project will establish a new purpose-built facility in Cannington to consolidate community-based health services from six community locations. This project will improve operational efficiencies, expand community access to services and improve patient care. The project is targeted to be complete by December 2023.
- **Dave Smith Youth Treatment Centre – Phase 2 Redevelopment Project:** In April 2022, Ontario awarded the construction contract for the project. This project will improve access to mental health and addictions services by providing six new beds and will house one 15-bed wing for women and one 15-bed wing for men, with spaces for home living, treatment and after-care services. The project is scheduled to be complete in November 2023.

Enhancing Mental Health Treatment Capacity for First Responders

The government is supporting the Runnymede Healthcare Centre's First Responders Wellness and Rehabilitation Centre to break down barriers in accessing treatment for Post-Traumatic Stress Injury and other concurrent mental health disorders.

The Centre is planning to support the full continuum of care for first responders through the development of two sites, one in Toronto and another in Peel Region. Both sites will have purpose-built facilities to create welcoming, supportive environments where clients would seek and receive wellness and rehabilitative treatment.

This dual-site project is advancing towards construction. Runnymede Healthcare is working in partnership with the Ministry of Health to determine their operational and fit-out needs so these facilities can be well equipped to offer support and care services for first responders from communities across the entire province. The government is making an additional investment of \$9.6 million to accelerate the project's development towards its next round of approval.

The government is supporting major hospital projects including:

- **Windsor Regional Hospital – New Windsor-Essex Acute Care Hospital:** Support for a new hospital to consolidate acute care services, while retaining the existing Ouellette site for urgent care and ambulatory services.
- **Oak Valley Health – Uxbridge Hospital:** Continued support for the construction of a new, modern hospital facility on the existing Uxbridge site at the Oak Valley Health – Uxbridge Hospital to replace the current aged building and enable the expansion of specialized outpatient clinics as well as the creation of a community health hub with long-term care services.
- **Scarborough Health Network – Birchmount Redevelopment:** Expansion of the Scarborough Health Network – Birchmount site with a new inpatient tower and an expanded emergency department to reduce wait times, improve patient flow and update aging infrastructure.
- **William Osler Health System – Peel Memorial Emergency Department:** Transformation of the existing site and urgent care centre into a new 24/7 inpatient care hospital at Peel Memorial, in partnership with William Osler Health System. This will enable future development of an emergency department and meet the growth needs of one of Ontario's fastest growing communities.

Building Long-Term Care Beds

Ontario continues to make progress on its plan to build modern, safe and comfortable long-term care homes for seniors and residents. Through planned investments that total a historic \$6.4 billion since 2019, Ontario is on track to build more than 31,000 new and over 28,000 upgraded beds across the province by 2028.

Making Progress to Build Long-Term Care Homes

19 projects completed since July 2018, adding over 2,300 new and upgraded beds across the province.

26 projects under construction, with over 1,800 new beds and over 3,000 upgraded beds across the province.

319 projects in the planning process, with 28,596 new beds and 24,492 redeveloped beds.

All long-term care homes in Ontario have air conditioning in designated cooling areas, and 95 per cent are fully air conditioned including in all resident bedrooms.

The government is helping to increase long-term care capacity in communities across the province by providing development loans and loan guarantees to select non-municipal not-for-profit homes.

Since the *2022 Ontario Economic Outlook and Fiscal Review*, the following long-term care homes have been completed and opened to new residents:

- **Meaford Long-Term Care** opened in December 2022 with 51 new long-term care beds and 77 upgraded long-term care beds in Meaford;
- **Southbridge Owen Sound** opened in December 2022 with 91 new long-term care beds and 69 upgraded long-term care beds in Owen Sound; and
- **Southbridge Kemptville** opened in October 2022 with 94 new long-term care beds and 66 upgraded long-term care beds in North Grenville.

Construction continues to progress on three long-term care homes under the Accelerated Build Pilot Program in Mississauga and Toronto. The homes are expected to open for residents in 2023. The first home under the Accelerated Build Pilot Program, Lakeridge Gardens, located next to Lakeridge Health's Ajax Pickering Hospital, opened 320 beds to residents in March 2022.

Chapter 1: Building a Strong Ontario

Of the 364 projects announced to date, 138 projects are proposed to be part of “campus of care” models that integrate the long-term care home into the broader health care system and ensure residents have access to the care they need. In November 2022, the government announced an increase to the construction funding subsidy to support the cost of developing or redeveloping a long-term care home. This additional funding will help fast-track projects to construction before August 31, 2023.

Adding More Specialized Long-Term Care Beds

The government is investing \$5.5 million in 2023–24 to build new Behavioural Specialized Units in long-term care homes, including approximately 70 new specialized beds, to expand care for individuals with complex needs. Behavioural Specialized Units provide timely and appropriate support for individuals with responsive behaviours requiring increased levels of care. The government continues to provide connected and convenient health care for the people of Ontario by providing the right care in the right place.

Building More Schools

Maintaining school infrastructure is critical to students and helps ensure that they learn in an environment that is modern, safe and accessible. This is why the government is investing about \$15 billion in capital grants over 10 years to support student achievement by expanding and renewing schools and child care spaces.

Table 1.2

Examples of School Projects Under Construction and Recently Opened

Northern

- A new English public elementary and secondary school in **Atikokan** will serve 354 students and include 49 licensed child care spaces.
- The retrofit of Chelmsford Valley District Composite School into an elementary and secondary school in **Chelmsford** will serve 540 students.
- A new joint public school between the French public and Catholic school boards in **Iroquois Falls** will serve 240 secondary students.
- A new English public elementary school in **North Bay** will serve 308 students and include 73 licensed child care spaces.
- The Churchill Public School addition in **Sudbury** will add 49 licensed child care spaces to an existing school serving 433 students.

Southwestern

- A new English public secondary school in **Amherstburg** will serve 819 students.
- A new English public elementary school in **Kitchener** will serve 591 students and include 88 licensed child care spaces.
- A new English public elementary school in **London** will serve 556 students and include 88 licensed child care spaces.
- A new English Catholic secondary school in **Windsor** will serve 850 students.

Eastern

- A new joint public school between the French public and Catholic school boards in **Kingston** will serve 600 secondary students and include 49 licensed child care spaces.
- A new English Catholic elementary school in **Nepean** will serve 507 students and include 39 licensed child care spaces.
- A new English public elementary school in **Ottawa** will serve 628 students and include 39 licensed child care spaces.
- A new French public elementary school in **Ottawa** will serve 475 students and include 49 licensed child care spaces.

Central

- A new English Catholic elementary school in **Alliston** will serve 470 students and include 49 licensed child care spaces.
- A new English public elementary school in **Bradford** will serve 501 students and include 39 licensed child care spaces.
- A new English public elementary school in **Milton** will serve 908 students and include 88 licensed child care spaces.
- The École secondaire catholique Sainte-Trinité addition in **Oakville** will add 180 secondary spaces and now serve 728 students.
- The École élémentaire et secondaire publique Ronald-Marion addition in **Pickering** will create 49 child care spaces.

Source: Ontario Ministry of Education.

Building More Child Care Spaces

As part of the Canada-wide Early Learning and Child Care Agreement, Ontario is making progress on its commitment to create 86,000 new, high-quality child care spaces by December 2026. This includes more than 33,000 licensed child care spaces created since 2019. Through this investment, families in small and large communities will benefit from high-quality child care that is affordable, accessible and inclusive.

Expanding High-Speed Internet Access

Access to high-speed internet is essential for the growth and prosperity of communities across Ontario. High-speed internet allows people to access critical health services, learn and work online, and connect with loved ones.

The Ontario government will ensure that high-speed internet access reaches every part of the province, whether it be rural farmland in Southern Ontario or a fly-in First Nation community in the Far North. The government is working closely with its agencies and partners to reach underserved areas using a full range of technologies and business models.

The government is investing nearly \$4 billion to ensure every community across the province has access to high-speed internet by the end of 2025. Multiple broadband programs and initiatives are being used to meet this goal, many of which are well underway, and are already providing access to internet service and better cellular connectivity, including:

- Completing in spring 2022, an innovative competitive bidding process that quickly and cost-effectively identified service providers for underserved areas in Ontario. Agreements are being completed with eight successful Internet Service Providers (ISPs) that represent a diverse selection of local, regional and national carriers, helping with market competition and consumer choice.
- Rolling out the Improving Connectivity for Ontario (ICON) program and developing co-funded projects with the Government of Canada through the federal Universal Broadband Fund. This funding will provide high-speed internet access to more homes and businesses in communities across Ontario.
- Investing more than \$63 million in the Southwestern Integrated Fibre Technology (SWIFT) project to bring high-speed internet access to 63,000 more homes, businesses and farms across Southwestern Ontario. To date, 65 of 97 SWIFT projects have been completed, bringing high-speed internet access to over 44,000 homes and businesses.
- Investing \$71 million in the Eastern Ontario Regional Network (EORN) to improve access to cellular service. This project is expected to generate as many as 3,000 jobs over 10 years and provide greater choice to residents and businesses.
- Improving connectivity in Northern Ontario, including \$10.9 million to bring improved internet access to several towns and First Nation communities across Northern Ontario.

Investing in Canada Infrastructure Program

The Investing in Canada Infrastructure Program (ICIP) provides up to \$30 billion in combined federal, provincial and partner funding over 10 years. Since June 2018, Ontario has committed to investing a total of \$10.2 billion across five ICIP sub streams: the Public Transit Infrastructure Stream, the Green Infrastructure Stream, the Rural and Northern Communities Infrastructure Stream, the COVID-19 Resilience Stream, and the Community and Culture Recreation Stream.

Table 1.3

Examples of Recently Approved and Completed ICIP Projects

Northern

- Construction and rehabilitation work to create a community hub in the **Township of Moonbeam**. Improvements include the installation of a pavilion, new skating rink boards, rehabilitation of the tennis court and resurfacing of paved nature trails with asphalt.
- Renewal of Camp Tillicum with upgrades to the campgrounds, a new accessible multi-purpose facility for youth-oriented recreational programming and education in **North Bay**.
- Replacement of water distribution and wastewater collection lines on Second Street and Broadway Avenue to ensure better water distribution and fire protection for residents in **Rainy River**.

Southwestern

- Upgrades to Eastwood Park for new accessible pathway systems, a new multi-use court, playground equipment and a large shade structure in the **Municipality of Central Elgin**.
- Implementation and construction of a multi-use trail to connect residents from the Iron Horse Trail with the future Transit hub in **Kitchener and Waterloo**.
- Replacement of an 18.5 metre culvert on Tecumseh Road in the **Walpole First Nation** to improve drainage and road reliability.

Eastern

- Rehabilitation and expansion of the water treatment system in **Alderville First Nation**. Upgrades include installing a high-capacity communal treatment plant with back-up power and an underground reservoir for water storage.
- Rehabilitation of nearly 1.25 kilometres of County Road 2 leading to Morrisburg, including the construction of a roundabout, centre medians, improving entrances to local businesses, building sidewalks and pedestrian crossovers in **Cornwall**.
- Replacement of ventilation and air conditioning at the John M. Parrott Centre to improve indoor air quality for residents within the home in the **Town of Greater Napanee**.

Central

- The replacement of a single-lane bridge with a wider two-lane bridge to improve traffic circulation, safety and reliability for drivers in **Durham**.
- Creation of a children's education gallery at the Lincoln Museum and Cultural Centre to increase access to education and physical activities in the **Town of Lincoln**.
- Renovating the Everton and Lescaut booster pump stations in **Midland** to improve access to clean and reliable drinking water for its residents.
- Revitalization of Humber Flats Mallard Marsh Park and Phillips Park to increase community safety by updating playground equipment, safety surfacing, walkways, park furniture and other upgrades to ensure the trail meets accessibility standards in **Richmond Hill**.

Source: Ontario Ministry of Infrastructure.

Doubling the Ontario Community Infrastructure Fund

The Ontario Community Infrastructure Fund (OCIF) provides investments in local infrastructure and asset management planning. The government doubled its annual investment to nearly \$2 billion over five years, beginning in 2021–22, to help 425 small, rural and Northern communities to construct and repair community infrastructure such as roads, bridges, water and wastewater infrastructure. In 2023, the government will provide approximately \$400 million through the OCIF to support job creation and drive economic growth with funding for roads, bridges, water and wastewater projects.

Table 1.4
Examples of Recently Approved and Completed OCIF Projects

Northern • Rejuvenation of Main Street in North Bay, including reconstruction of all surface infrastructure and sidewalks. • Upgrades to watermain lining and water distribution infrastructure in Timmins.	Eastern • Rehabilitation of Second Line Road Bridge in South Glengarry, including replacing barrier walls, waterproofing, and paving of approach barriers. • Reconstruction of Boundary Road in the Township of Leeds and the Thousand Islands to extend the life of the community's road assets.
Southwestern • Reconstruction of Laurel Street to add a sidewalk and a wider road platform for cycling that will improve connections to community amenities and various areas in Paris. • Reconstruction of a portion of Plank Road in Sarnia, including the replacement of the existing watermain, ditches, and asphalt on city streets.	Central • Upgrades to sidewalks, underground water and sewer pipes in Huntsville. • Replacement of the watermain along Brownsville, as well as the lining of existing watermain along Western, Elmwood and Castlewood Avenues in Schomberg, and reconstruction of the roadway along Brownsville Court in the Township of King.

Source: Ontario Ministry of Infrastructure.

Supporting Conservation

The government's plan includes the conservation of Ontario's natural areas to help protect species and their habitats, improve soil health, and support outdoor recreational enjoyment for future generations and mitigate the effects of climate change.

Protecting Ontario's Natural Areas and Boreal Caribou

The government is expanding the Greenlands Conservation Partnership by investing an additional \$14 million in 2023–24. The investment will allow conservation partners to raise matching private-sector contributions to secure new, privately owned natural areas, such as wetlands, grasslands and forests, and ensure they are protected and managed for the future.

Ontario is also protecting its boreal caribou population, which is classified as a threatened species provincially and nationally. Ontario entered into a five-year agreement with the Government of Canada in April 2022, which included commitments to conservation measures, such as monitoring, habitat protection and restoration, stewardship collaborations and updates to caribou conservation frameworks. The initiatives to protect Ontario's boreal caribou will consider the economic prosperity of Ontario businesses and economic activities such as forestry, mineral exploration and development in Northern Ontario communities that depend on them.

Investing in Ontario's Soil Strategy

Healthy soil is essential to strengthening Ontario's agri-food supply chain stability and local food production. Together with over 20 partners from the province's agriculture and food commodity organizations, academia and Conservation Authorities, Ontario has committed to developing and implementing Ontario's Agricultural Soil Health and Conservation Strategy. This soil strategy is a long-term framework that sets the vision, goals and objectives for soil health and conservation in Ontario to 2030 with accompanying actions and methods to measure progress.

The government has committed \$9.5 million over the next three years to improve soil data mapping and soil evaluation and monitoring, and to support key commitments under the strategy. Soil data and interpretive maps support on-farm decision-making, enabling farmers to innovate and use technology to improve their long-term viability so that they can remain competitive in the global market.

Creating New Provincial Green Spaces

Ontario is also building stronger and healthier communities by expanding recreational opportunities for families to enjoy. This is why the government is actively taking steps to open the first new, full-service, operating provincial park in 40 years. The new park will offer four-season facilities and recreational activities including swimming, hiking, cross-country skiing, and add 250 new campsites to the Ontario Parks system. The location of the park and its facilities is in the process of being finalized.

To enhance protection of Southern Ontario's green spaces, the government is exploring the creation of a new provincial protected area in the Township of Uxbridge.

Section B: Working for You

Introduction

As Ontario faces economic uncertainties like the rest of the world, the government has a plan to support you today and tomorrow. By working for workers, keeping costs down and providing better services, everyone will have an opportunity to take part in and benefit from Ontario's Plan to Build.

Working for Workers

Ontario is facing a persistent labour shortage, with over 300,000 jobs unfilled, especially in crucial sectors like health care and construction.¹ Each unfilled job represents a missed opportunity for workers to earn a bigger paycheck and reach their full potential.

Ontario is making it easier for job seekers, newcomers and students to get the training they need to get good-paying, in-demand jobs. From health care to skilled trades, the province is training the workers of tomorrow.

Building the Skilled Workforce of Tomorrow, Today

Ontario needs more skilled workers to tackle the province's labour shortage, strengthen the economy and build a stronger workforce for everyone. To do this, the government continues to invest in skills training, transform the apprenticeship and skilled trades system, and help newcomers put their skills to use.



¹ Based on preliminary estimates of the average number of job vacancies for October, November and December of 2022. Data are not seasonally adjusted.

Training Skilled Workers Through the Skills Development Fund

To help workers and job seekers, including apprentices, get the skills they need to take on new opportunities and advance in their careers, the government is enhancing the Skills Development Fund with an additional \$75 million over the next three years.

Since 2020, the government has invested close to \$700 million in the Skills Development Fund to support those who face barriers in employment. To date, the government has delivered over 388 training projects to help more than 393,000 workers including carpenters, plumbers and health care workers take the next step in their careers within in-demand industries.

Connecting Job Seekers with the Skills Training They Need

Through the Skills Development Fund, Ontario has invested \$3.7 million with Merit Ontario, an organization that supports contractors who employ both unionized and non-unionized workers. This funding continues to support Merit Ontario's online training centre, which is helping up to 2,500 construction workers train for the next step in their careers and earn more take-home pay. The funding will also help expand their online job bank to match thousands of people with construction jobs at more than 100 small, medium and large employers in their communities.

Training Workers in Union Training Halls

The government is working to provide more accessible and flexible training opportunities for workers, including apprentices, so they can get the skills they need to find good, well-paying jobs and to ensure businesses can find the talent they need to drive Ontario's economic growth.

The government is investing \$224 million in 2023–24 in a new capital stream of the Skills Development Fund to expand crucial access to brick-and-mortar training centres, including union training halls. This funding will increase the quality of training for workers and the capacity of these programs to support the government's plans to build 1.5 million homes by 2031 and other major infrastructure projects, as well as to continue bringing manufacturing back to Ontario.

This expansion will leverage funding from the private sector and ensure Ontario has the training facilities it needs to train more workers for careers in the skilled trades and other in-demand jobs, while drawing on the insights, knowledge and strengths of private-sector unions, which are often closest to the labour needs of the economy.

“Helmets to Hardhats applauds the increase of funding to the Skills Development Fund. The Skills Development Fund has supported Helmets to Hardhats’ mission of referring Veterans, Reservists, Cadets, Military family members and Afghan interpreters into the skilled trades as a second career. Most recently, it has also allowed Helmets to Hardhats to expand our outreach to homeless or near homeless Veterans. The additional funding will continue to ensure that Veterans leaving the military are aware of the opportunities that await them in civilian life, while also ensuring they have the training and safety skills to join the unionized construction industry. We look forward to continuing our collaboration with the Ontario government to refer Veterans to in-demand careers within the trades.”

Joe Maloney, M.S.C.
 Founder and Executive Director
 Helmets to Hardhats (H2H) Canada

Helping Workers Get Skills Training Through Better Jobs Ontario

For workers looking to retrain and get the skills they need for in-demand careers, Better Jobs Ontario provides eligible applicants with up to \$28,000 to cover expenses including child care, tuition and transportation for short-term training programs, such as micro-credentials. With an additional \$15 million over the next three years, the government is ensuring more job seekers can match their skill set with the needs of Ontario’s employers.

The program is available for job seekers across Ontario such as youth, gig workers, newcomers and those on social assistance who face barriers finding stable jobs. With this investment, more workers will be able to join the over 7,700 people who have started training through Better Jobs Ontario since January 2021².

² As of January 2023.

Providing Rapid Training Through Micro-Credentials

Micro-credentials help prepare workers for in-demand jobs through rapid training at Ontario's public and private colleges, universities and Indigenous Institutes. These short-duration programs are recognized by many employers and are convenient ways for people to retrain and upgrade their skills, giving them more opportunities in the job market. Not only does this help workers find new employment, it also helps respond to regional labour market needs and the needs of specific employers.

The government is investing an additional \$5 million to launch a second round of the Ontario Micro-credentials Challenge Fund to support the creation of more micro-credential projects. The first round helped create up to 250 new micro-credentials across the province.

Providing Industry-Relevant Learning Opportunities for Everyone

There are about 1,800 micro-credentials that are currently eligible for funding through the Ontario Student Assistance Program (OSAP) at 34 publicly assisted postsecondary institutions across Ontario, with more being added regularly. Some examples of micro-credentials available for student financial assistance include:

- Rotman Healthcare Analytics: AI, Big Data & Digital Transformation – University of Toronto;
- Artificial Intelligence: The Next Frontier – Wilfrid Laurier University;
- Digital Literacy – Fanshawe College;
- Finding and Advancing Your Career in the Steel Industry – Sault College;
- Operating Room Attendant – Mohawk College; and
- Using Construction Tools – Durham College.

Enhancing the Ontario Immigrant Nominee Program

To help address the ongoing labour shortages and support economic growth, Ontario is investing an additional \$25 million over three years to attract more skilled workers, including in-demand professionals in the skilled trades, through the Ontario Immigrant Nominee Program. This program is focused on nominating applicants for permanent residency who have the skills and experience to support Ontario's ambitious Plan to Build. This additional funding will welcome more newcomers to Ontario by expanding staffing and information technology (IT) capabilities to speed up application processing times.

Welcoming More Skilled Workers to Ontario

The Ontario Immigrant Nominee Program (OINP) continues to grow over time, with Ontario's allocation of nominations increasing from 6,500 in 2017 to over 18,000 by 2025. Ontario continues to work with the Government of Canada to attract more skilled newcomers to support economic growth and fill targeted labour market gaps across the province, particularly in the skilled trades and other in-demand industries.

Helping Skilled Newcomers Through the Ontario Bridge Training Program

Ontario is a top choice for skilled newcomers. Through the Ontario Bridge Training Program, the government helps them better integrate into the labour market to build Ontario. The government is providing \$3 million in 2023–24 to expand the Ontario Bridge Training Program to help internationally trained immigrants find employment in their fields and get faster access to training and supports towards a licence or certificate.

In 2020–21, nearly 6,000 newcomers benefited from the program. Through this additional funding, the government is supporting more immigrants with the opportunity to train and put their skills to use to build Ontario.

Supporting Skills Development for People with Disabilities

The government is helping to remove barriers that exist between employers looking to hire workers and people with disabilities looking to find work. This is why the government is investing an additional \$3.5 million over three years to continue to support the Abilities Centre in Whitby. The Abilities Centre is a community hub that delivers a range of inclusive programming to promote health, community relationships, and skills development for individuals with disabilities. This additional investment will allow the Abilities Centre to provide employment supports and programs to help people with disabilities participate in the workforce.

Preparing Students for the Jobs of the Future

Ontario is preparing students for the jobs of the future by better connecting learning in the classroom to meaningful careers. This is why the government is creating more hands-on learning opportunities and allowing students to earn college credits and take apprenticeship training while still in high school, building a pipeline of job-ready graduates.

Training the Next Generation of Skilled Workers

Ontario is providing more hands-on learning opportunities for postsecondary students to develop the skilled workforce of the future. This is why the government is investing an additional \$32.4 million over the next three years to support about 6,500 high-quality research internships through Mitacs, an organization that builds research partnerships between postsecondary institutions and industry. Through partnerships with Mitacs, the government is continuing to fund thousands of research internships for undergraduate and graduate students, and postdoctoral fellows to help them gain the skills they need for in-demand jobs after graduation. These internships support high-quality research and range widely in discipline, with support for key provincial priorities like critical minerals, manufacturing and health care.

Preparing High School Students for Health Care Careers Through Dual Credits

Ontario is helping students who want to work in health care get a head start. The government is providing an additional \$3.3 million over the next three years, beginning in 2023–24, to expand access to dual credit opportunities in health care-related courses for an additional 1,400 secondary students. This will help ensure hospitals, long-term care homes, and home care have the workers they need.

Eligible high school students who successfully complete these courses will earn credit towards both their Ontario Secondary School Diploma and introductory courses in college health care programs. This gives them a head start in their journey to becoming nurses, personal support workers, paramedics or medical laboratory technicians. This funding will also provide additional opportunities for up to 6,000 students in Grades 7 to 12 over the next three years to take part in hands-on health care-related activities across Ontario.



With the expansion of dual credit opportunities, close to 27,000 students in 2023–24 will have the opportunity to earn credits towards their Ontario Secondary School Diploma and a postsecondary certificate, diploma, degree or a Certificate of Apprenticeship. In addition to health care-related programs, there are also dual credit courses in other areas of focus, including skilled trades, technology and Early Childhood Education.

Preparing More Students for the Jobs of Tomorrow

Charlie is in Grade 11 and is taking a dual credit in apprenticeship training at Conestoga College. This allows her to earn high school credits while studying at a publicly funded college and taking apprenticeship training, giving her a head start on her future career.

Training More Health Care Workers

As part of the government's plan to connect people to care closer to home, the province is expanding the Ontario Learn and Stay Grant to add more health care professionals in underserved and growing communities. The grant provides full, upfront funding for tuition, books and other direct educational costs to students in return for working and caring for people in the region where they studied for a term of service after they graduate. In addition to nursing programs, the grant will now include paramedic and medical laboratory technologist programs in priority communities.

Grant applications will open this spring for the 2023–24 academic year, targeting up to 2,500 postsecondary students who enrol in the following programs and regions:

- Nursing programs in Northern, Eastern and Southwestern Ontario;
- Medical laboratory technologist/medical laboratory sciences programs in Northern and Southwestern Ontario; and
- Paramedic programs in Northern Ontario.

Expanding Degree Options at Ontario Publicly Assisted Colleges

Ontario is building a pipeline of job-ready graduates by expanding the degrees that publicly assisted colleges in Ontario can offer. With a focus on key in-demand sectors, these new, three-year applied degrees and additional four-year degree programs support Ontario's commitment to increasing choices and reducing barriers to high-quality, local education for students. Some examples of three-year applied degree programs that are being considered or are under development include a Bachelor of Skilled Trades Business Management and a Bachelor of Computer Science.

Expanding Veterinary Training

Remote and Northern communities face a shortage of veterinarians. To improve access to veterinary care across Ontario, the government is investing \$14.7 million over two years, starting in 2024–25, to launch a new collaborative Doctor of Veterinary Medicine program with the University of Guelph and Lakehead University. This new program will allow an increase in enrolment by 20 new students per year, resulting in up to 80 new Doctor of Veterinary Medicine seats over four years, to better support the livestock agri-food sector, when and where farmers need it most.

To further improve and increase veterinary capacity in underserved areas of Ontario, the government is investing \$900,000 over three years to launch a new Veterinary Incentive Program. The program will provide student loan assistance for up to 30 recently graduated veterinarians per year to relocate to underserved areas and practice livestock veterinary medicine to address critical skill and labour shortages.

Keeping Your Costs Down

Inflation has left many in Ontario, especially the more vulnerable, feeling pressure on their household budgets. The government understands that it is a challenging time for many across the province, and it has acted early to provide relief. The government is helping to keep costs down for those who need it the most by putting more money back in their pocket, whether it is at the gas pumps or on electricity bills.

Putting Money Back in Your Pocket

Reducing transit costs and helping you save at the gas pump are some of the ways Ontario is putting more money back in your pocket.

Making It Easier and More Affordable to Take Transit

As Ontario families continue to look at managing costs, the government is helping put more money in their pockets with affordable transit options. The government has made it more affordable, easier and more convenient for families and workers to travel across the Greater Golden Horseshoe by eliminating double fares for most local transit when using GO Transit services. This means that after riders pay their fare for a GO bus or train, they do not pay again when accessing most local transit services in the Greater Golden Horseshoe. The government has also increased PRESTO discounts for youth and postsecondary students and continues to provide more riders with more options and convenient ways to pay.

This GO Transit co-fare discount applies to the following transit systems: Durham Region Transit, Milton Transit, Grand River Transit, Guelph Transit, Oakville Transit, MiWay (Mississauga Transit), Brampton Transit, Hamilton Street Railway, Burlington Transit, Bradford West Gwillimbury Transit, York Region Transit and Barrie Transit. The government is working to expand this initiative to support more people using public transit to come into Toronto.

Reducing Transit Costs

John lives in Pickering and takes the GO train to his office in downtown Toronto, five days a week. He takes a Durham Region Transit bus to get to the Pickering GO Station, where he takes the Lakeshore East Line to Union Station. John is now paying only for his GO train fare, saving about \$29 a week and putting over \$1,400 a year back in his pocket.

Leah travels from Burlington to Sheridan College in Mississauga, three times a week to attend classes. To get to her classes, Leah takes GO Transit and Burlington Transit. Now that her fare for Burlington Transit is free when she takes the GO bus, she is saving over \$70 every month.

Ontario is also making it more convenient for riders to pay their fare on select transit systems. The government is working to expand the credit card payment system used by the Toronto Transit Commission (TTC) and to introduce debit tapping payment capability to all transit systems in the Greater Toronto and Hamilton Area (GTHA). Riders on Durham Region Transit, York Region Transit, Burlington Transit, Hamilton Street Railway, Brampton Transit, MiWay (Mississauga), Oakville Transit, GO Transit and the Union Pearson (UP) Express have more options to pay fares on a PRESTO device, including with credit cards, smartphones or smartwatches.

Eliminating Licence Plate Renewal Fees and Stickers

People and businesses continue to feel the pinch of higher costs and the government has taken action to help make life more affordable for nearly eight million vehicle owners in Ontario.

The government put money back in people's pockets through legislation passed in March 2022 to enable it to refund eligible licence plate renewal fees paid since March 2020.

The government also eliminated licence plate renewal fees and plate stickers on a go-forward basis for passenger vehicles, light-duty commercial vehicles, motorcycles and mopeds that are owned by individuals, a company or business, resulting in savings of \$1.1 billion per year for vehicle owners.

Cutting the Gas Tax and Fuel Tax

As part of its plan to help keep costs down for Ontario families and businesses, the government has extended the current gas tax and fuel tax rate cuts for an additional year, keeping the rates at 9 cents per litre until December 31, 2023.

This extension follows legislation passed in spring 2022 that cut the gas tax by 5.7 cents per litre and the fuel tax by 5.3 cents per litre for six months.

These cuts are expected to save Ontario households \$195 on average between July 1, 2022, and December 31, 2023.

Making Auto Insurance More Affordable

The government is taking action to make auto insurance more affordable. The government will continue to make progress on previous commitments, including cracking down on fraud and abuse and considering options to provide more choice, reduce disputes and improve health access and outcomes for people.

Since announcing the multi-year strategy, *Putting Drivers First: A Blueprint for Ontario's Auto Insurance System* in 2019, the government and the Financial Services Regulatory Authority of Ontario (FSRA) have made significant progress on their commitments, including:

- Increasing competition, by making it easier for insurers to offer more discounts and options to consumers such as enabling insurers to offer incentive and rebate programs.
- Increasing innovation, by enabling insurers to develop usage-based insurance programs. As a result, insurers have launched new usage-based insurance programs. The government has also enabled FSRA to operate an auto insurance regulatory sandbox that allows insurers to pilot other innovative initiatives.
- Increasing consumer convenience, by enabling electronic communications for customers, including offering electronic proof of auto insurance.
- Increasing consumer choice, by making it optional to purchase not-at-fault property damage coverage (also known as Direct Compensation – Property Damage). This change was made to give drivers more options and will come into effect on January 1, 2024.
- Enabling a FSRA rule that defines unfair or deceptive acts or practices to make the oversight of insurance more transparent, dynamic and flexible. This rule ensures consumers are treated fairly, while enabling insurers to offer rebates or incentives.

The Government's Plan to Continue Fixing Automobile Insurance

Creating More Choice

The current mandatory insurance product may not offer the choices Ontario drivers deserve. This is why the government intends to propose changes that over time would provide consumers with more options when purchasing automobile insurance.

Cracking Down on Fraud

Fraud is a major driver of costs in the auto insurance system, and the government along with FSRA are committed to cracking down on bad actors. The government has empowered FSRA to request fraud information from insurers on an ongoing basis. FSRA is working on the development of a fraud reporting tool that will be used to hold insurers accountable for managing, reporting and tracking fraud and will assist in fraud detection, prevention and deterrence.

Enhancing Fairness

In 2022, the government requested that FSRA review the issue of territorial rating to ensure that drivers are treated fairly when purchasing their mandatory auto insurance policy. The government will consider FSRA's findings as it moves forward.

Particularly in this period of high inflation, the government is concerned about the burden of high auto insurance costs on consumers and expects all participants in the system, including the auto insurance industry, to work together to keep costs down for consumers.

Helping Ontario's Most Vulnerable

The high cost of goods and services is even harder for the most vulnerable, who often live on fixed incomes. This is why the government continues to support Ontario's most vulnerable, including low-income seniors.

Providing Financial Support to More Seniors

During this period of higher prices, the government has temporarily doubled the Guaranteed Annual Income System (GAINS) payments for 2023 to help approximately 200,000 eligible low-income seniors.

To ensure that more seniors who need financial help get it, the government is proposing to make changes to expand the eligibility for GAINS, starting in July 2024, which would see about 100,000 more low-income seniors receive payments, for a 50 per cent increase in recipients.

The proposed amendments to the *Ontario Guaranteed Annual Income Act* would allow more seniors to be eligible for the program and keep more of their benefits. The government is proposing to lower the rate at which the benefit is reduced in relation to annual private income. At the same time, to continue to put more money in the pocket of eligible seniors, the government is proposing to adjust the benefit annually to inflation.



Ensuring that More Seniors Who Need Financial Help Get It

Sue is a 66-year-old single senior living in Brantford. Sue receives Old Age Security and the Guaranteed Income Supplement, which are federal seniors' benefits. The annual private income threshold for the GAINS program is \$1,992 for single seniors. Sue receives just over \$2,000 in annual private income, and as a result, she currently does not qualify for the GAINS benefit.

Under the proposed changes to expand eligibility, there would be a new, higher private income threshold for the program. With these changes, Sue would become eligible to receive a GAINS payment starting in July 2024. These payments would also increase with inflation moving forward, providing ongoing support for Ontario's most vulnerable.

Keeping Electricity Costs Down for Ontario Families

At a time of increased costs, the last thing Ontario families should be worried about is if they can afford to keep their home warm. This is why, to help those who need it the most manage their electricity bills, the government continues to provide targeted electricity bill relief for eligible low-income households and on-reserve First Nation consumers, as well as eligible rural or remote customers. This is in addition to the on-bill Ontario Electricity Rebate for all eligible residential customers.

Supporting Targeted Consumers with Electricity Rate Mitigation³

Urban Low-Income Residential Consumer⁴

A single parent living with two children in Mississauga on an annual after-tax income of \$38,000 can see their monthly bill reduced by \$64, representing a 50 per cent saving.

Rural Low-Income Residential Consumer⁵

Two seniors living in Kapuskasing, one of whom relies on an oxygen concentrator, with an annual after-tax income of \$27,000, can see their monthly bill reduced by \$131, to \$100, representing a 57 per cent saving.

Remote Residential Customer⁶

A 42-year-old plumber living outside of Timmins would see a monthly bill reduction of \$199, representing a 36 per cent saving.

On-Reserve Residential Customer⁷

A 56-year-old Indigenous teacher living on-reserve could see a monthly bill reduction of \$102, representing a 52 per cent saving.

³ These are illustrative examples.

⁴ The customer is assumed to consume 700 kWh of electricity per month. The customer would automatically receive the Ontario Electricity Rebate (OER), which provides an on-bill rebate of 11.7 per cent, and based on the customer's income level, the customer would be eligible for a \$45 monthly credit from the Ontario Electricity Support Program (OESP).

⁵ The customer is assumed to consume 1,100 kWh of electricity per month. The customer would automatically receive the OER. Based on the customer's income level, the customer would be eligible for a \$68 monthly credit from the OESP. The customer would also automatically benefit from the Distribution Rate Protection Program (DRPP).

⁶ The customer is assumed to consume 2,500 kWh of electricity per month (which includes electric heat). The customer would automatically receive the OER. The customer would also automatically receive the DRPP, which currently caps their base monthly distribution charges at \$38.08, as well as the Rural or Remote Rate Protection program (RRRP), which provides a \$60.50 credit on their bill.

⁷ The customer is assumed to consume 1,100 kWh of electricity per month. The customer would automatically receive the OER. The customer would also be eligible for the First Nations Delivery Credit (FNDC), which reduces the delivery line on their electricity bill to \$0.

Bringing Home Ownership into Reach for More People

Ontario's population is growing. Housing starts in the province over the last two years have hit the highest level since 1988 despite major global and national economic challenges. Unnecessary red tape, however, is slowing down construction and preventing more homes from being built at the pace the people of Ontario need. This is why the government is taking bold, transformative action to get 1.5 million homes built by 2031.

The *More Homes Built Faster Act, 2022* received Royal Assent on November 28, 2022, implementing changes that will help build more homes and make life more affordable for Ontario families. This includes streamlining planning and approvals processes to get shovels in the ground faster, strengthening protections for homebuyers, and reducing government fees that add thousands of dollars to the cost of a new home.

In the case of non-profit development in the Greater Toronto Area (GTA), the impact of these changes is estimated to reduce the cost of building a single-family home by \$116,900. The *More Homes Built Faster Act, 2022* also allows the development of “gentle density” — housing like triplexes or garden suites — that bridge the gap between single-family homes and high-rise apartments.

In addition, Ontario continues to work with municipal partners to ensure that cities, towns and rural communities grow with a mix of ownership and rental housing that meets the needs of people across the province. In Southern Ontario, 29 of the largest and fastest-growing lower- and single-tier municipalities have been assigned housing targets to incentivize more housing where it is needed the most. Ontario has also helped strengthen municipal powers to deliver on shared provincial–municipal priorities, such as housing, through the *Strong Mayors, Building Homes Act, 2022*; as well as the *Better Municipal Governance Act, 2022*; and associated regulations.

The province also launched the Streamline Development Approval Fund to provide more than \$45 million to help Ontario's 39 largest municipalities modernize local approval processes for residential developments. Additionally, the government increased the Non-Resident Speculation Tax rate to 25 per cent and expanded the tax to apply provincewide, to help deter non-resident investors from speculating on the province's housing market and to help make housing more attainable for Ontario residents.

Resolving Housing Disputes Fairly and Efficiently

The Ontario Land Tribunal and Landlord and Tenant Board play important roles in increasing housing supply by resolving housing-related disputes fairly and efficiently. To help increase the availability of housing in the province, the government is investing \$24 million over three years to clear long-standing backlogs, streamline processes to resolve disputes faster and help address housing needs.

Addressing the housing crisis is a long-term strategy that requires long-term commitment and collaboration from all levels of government including municipalities, the private sector and not-for-profits to drive change. This is why the government has committed to advancing Ontario's housing supply action plan every year to help build more homes and make life more affordable for the people of Ontario.

Calling for Federal Action on Goods and Services Tax/Harmonized Sales Tax Relief for New Housing

Ontario continues to call on the federal government to come to the table on potential Goods and Services Tax/Harmonized Sales Tax (GST/HST) relief, including rebates, exemptions, zero-rating or deferrals, to support new housing and rental development in Ontario. All levels of government need to work together to get more homes built and address the housing crisis. Ontario is willing to continue to do more in partnership with the federal government.

Addressing Homelessness through Supportive Housing

Many of Ontario's most at-risk residents do not have a safe place to call home. To help those experiencing or at risk of homelessness, Ontario is investing an additional \$202 million each year in the Homelessness Prevention Program and Indigenous Supportive Housing Program.

This investment in supportive housing helps people experiencing or at risk of homelessness, struggling with mental health and substance use, those escaping intimate partner violence, seniors and those experiencing poverty. Ontario will continue to support the most vulnerable by providing supportive housing and homelessness prevention services to help those most in need.

Supportive housing provides people in need with a roof over their heads. It also connects them with services that provide a hand up to improve their circumstances, including mental health support and job training. This approach is supported by experts, municipalities and other stakeholders. In addition to reducing costs in other sectors, supportive housing provides people in Ontario with an opportunity to live happier, healthier and more fulfilling lives.

This new funding builds on the government's investment of nearly \$4.4 billion over the past three years to grow and enhance community and supportive housing, respond to COVID-19 and address homelessness for vulnerable people — including over \$1.2 billion to service managers and Indigenous program administrators through the Social Services Relief Fund.

Better Services for You

From health care to child care, transit and justice services, the public services that the people of Ontario need should be convenient and easy to access. The government is challenging the status quo to provide better service for people and businesses across the province.

Connecting You to Convenient Care

Too many people are finding it difficult to access the health care services they need. People are waiting too long for appointments, surgeries and tests as well as often having to travel too far to get the care they need.

This is why the government introduced *Your Health: A Plan for Connected and Convenient Care*, which puts people at its heart, by adding and expanding health care services closer to home. This long-term plan, introduced in February 2023, is built on three pillars: The Right Care in the Right Place, Faster Access to Care, and Hiring More Health Care Workers.

By focusing on improving the health care experiences and growing the health care workforce, the government will improve the quality of health care delivered across the province for years to come. Ontario is enhancing that plan in *Building a Strong Ontario*.

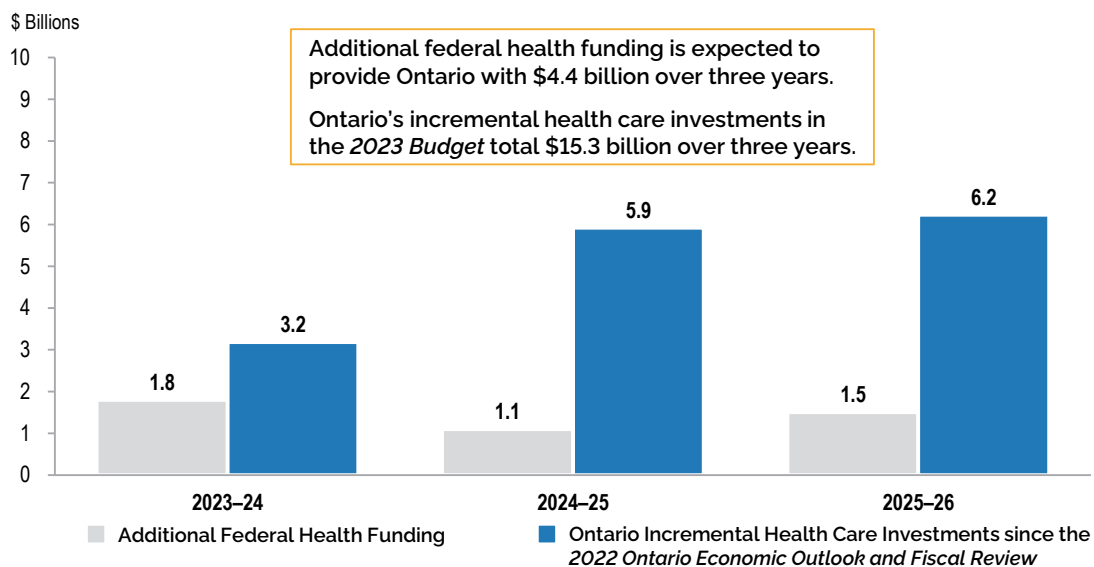
Building on the Federal–Provincial Partnership

Ontario is working to deliver convenient and connected health care for the people of Ontario, but governments make faster progress when they work together. An agreement in principle with the Government of Canada to enhance federal health funding is an important step in delivering on the province’s *Your Health: A Plan for Connected and Convenient Care*.

This agreement includes an initial down payment of \$4.4 billion in additional federal health care funding over the next three years through the Canada Health Transfer and other time-limited funding agreements for shared priorities. The federal government has also agreed to build in a review of these agreements in the coming years, laying the groundwork to continue these conversations to ensure sustainable support and further strengthen health care in Ontario.

Ontario’s incremental investments in health care in the *2023 Budget* far exceed the new federal health funding. Overall, since the *2022 Ontario Economic Outlook and Fiscal Review*, Ontario’s health sector investments are increasing by an additional \$15.3 billion over three years starting in 2023–24.

Chart 1.6
Ontario Is Investing Every Dollar of New Federal Funding into Care and Significantly More



Notes: The new federal health funding includes a one-time additional health care payment, time-limited funding for shared priorities and an enhancement of the Canada Health Transfer. Funding under existing Canada-Ontario agreements is not included (i.e., 10-year agreement on shared health priorities, including Home and Community Care and Mental Health and Addictions). All federal health funding amounts are notional and estimated based on population and nominal GDP forecasts, which are subject to change.

Sources: Department of Finance Canada and Ontario Ministry of Finance.

Pillar One: The Right Care in the Right Place

Having Pharmacists Prescribe Medications for More Common Ailments

To help connect the people of Ontario to care closer to home, local pharmacists can now prescribe over-the-counter medication for common ailments, including tick bites, pink eye (conjunctivitis), hay fever, insect bites and hives, and musculoskeletal sprains and strains.

Allowing pharmacists to prescribe over-the-counter medication for common ailments has proven to be hugely popular, so the government is expanding it to make care more convenient for people and families. Building on this success, Ontario will be expanding this program to allow pharmacists to prescribe medication for more common ailments. These may include:

- Acne (mild to moderate);
- Oral aphthae (canker sores);
- Diaper dermatitis;
- Vulvovaginal candidiasis (yeast infection);
- Pinworms and threadworms; and
- Nausea and vomiting in pregnancy.

Caring for Individuals with Dementia

People with complex behaviours like dementia require specialized care and supports. As announced in the *2022 Budget*, the government is investing an additional \$5 million annually for three years starting in 2022–23 to support 6,500 people with dementia to live independently in their homes and to be engaged in their community.

Investing in Home Care Services

The only thing better than care close to home is care at home. Having strong home and community care is a key part of the government's plan for connected and convenient care. In partnership with hospitals, primary care, and Ontario Health Teams, Ontario is expanding and improving access to home and community care.

Through the *2022 Budget*, the government announced a plan to invest \$1 billion over three years to get more people connected to care in the comfort of their own home and community. The government is now accelerating investments to bring funding in 2023–24 up to \$569 million, including nearly \$300 million to support contract rate increases to stabilize the home and community care workforce. This funding will also expand home care services and improve the quality of care, making it easier and faster for people to connect to care.

The province is continuing to make it more convenient for families to get the care they need by making home and community care more reliable and reducing wait times. Over the next year, the government will work with home care partners on making improvements to modernize the system, remove barriers and make it easier to more directly connect people to care at home and in the community.

Ontario is taking steps towards:

- Integrated Care Coordination, through Ontario Health teams, to better align care providers, reduce duplication and make care more responsive to people's needs.
- Flexible Care Planning and Delivery that focus on addressing improving health outcomes for people.
- Needs-Based Care that focuses on people's individual health needs and not on hours of care or the number of visits.

In addition, to make it easier for seniors to claim, rules regarding expenses eligible for the Ontario Seniors Care at Home Tax Credit are the same as those for the existing federal and Ontario Medical Expense Tax Credits. Eligible costs cover a broad range of medical expenses for seniors living in a variety of settings. Ontario continues to work with the federal government to make claiming available support as easy and convenient as possible for those with medically necessary expenses.

Supporting End-of-Life Care

The government is working to expand palliative care services in local communities and adding 23 new hospice beds to the 500 beds already available across the province. This will provide people comfort and dignity near their communities and loved ones when they are at the end of their lives.

Connecting You to Care through Community Paramedicine

The government is investing more than \$174 million over two years, starting in 2024–25, to continue the Community Paramedicine for Long-Term Care Program. The program leverages the skills of paramedics to provide additional care for seniors in the comfort of their own homes through:

- 24/7 access to health services through in-home, online and virtual supports;
- Non-emergency home visits and in-home testing procedures;
- Ongoing monitoring of changing conditions to prevent or reduce emergency incidents;
- Additional education about healthy living and managing chronic diseases; and
- Connections for participants and their families to home care and community supports.

This innovative program is offered provincewide through paramedic service providers. By providing additional care and support, the program aims to improve the quality of life for seniors, provide timely access to primary care and reduce the number of hospital admissions and emergency department visits. The Community Paramedicine for Long-Term Care program is one of the government's measures to improve access and modernize the health care system.

Connecting People to Mental Health Services

More than one million people in Ontario experience a mental health or addictions challenge annually — with COVID-19 exacerbating the need for support — but a broken and fragmented system has made it challenging to access the care they need.

Ontario launched the *Roadmap to Wellness: A Plan to Build Ontario's Mental Health and Addictions System* to better connect people to mental health services that are convenient for them. Building on this historic investment of \$3.8 billion over 10 years, the government is providing an additional \$425 million over three years, mainly to:

- Support mental health programs that are community-led and delivered, making it more convenient for people to connect to mental health services closer to home;
- Make a broad range of addictions services available across Ontario that are easy to access and there when needed;
- Support children and youth, by providing access to mental health and addictions services, primary care, and social and community supports to youth aged 12 to 25 through Youth Wellness Hubs;
- Support for children and youth suffering from eating disorders, including inpatient and specialized outpatient services;
- Identify the data and digital health needs of service providers to deliver better care for clients;
- Maintain supportive housing and services for people living with mental health and addictions challenges as they transition from hospital to the community; and
- Work with Indigenous partners and communities to maintain co-developed programs and services that support Indigenous people's access to high-quality, culturally appropriate care.

This investment will provide community-based mental health and addictions service providers — funded by the Ministry of Health — with a five per cent increase in base funding.

Ontario will continue to deliver on the Roadmap to Wellness to connect those in need of mental health services to care. Discussions with the federal government continue as there is more work to be done.

Enhancing Care for Anxiety and Depression

The Ontario Structured Psychotherapy program increases access to a range of evidence-based psychotherapy resources and services, including cognitive behavioural therapy, for people living with depression, anxiety and anxiety-related conditions. Between April 1 and November 30, 2022, over 8,300 individuals were enrolled into this innovative program, which is free of charge to the people of Ontario. The program was expanded in 2022–23 to provide access across the province.

Concluding the Extension of Time-Limited Paid COVID-19 Leave

As a time-limited pandemic measure, the Ontario government introduced paid COVID-19 leave, a program designed to support people who needed to take time off work to isolate or get vaccinated. Ontario has now achieved one of the highest vaccination rates in the world, and consistent with the sunset date for this program in the *Employment Standards Act, 2000*, it will expire effective March 31, 2023.

Pillar Two: Faster Access to Care

Reducing Wait Times for Surgeries and Procedures

Long wait times have taken a toll on not only the physical health of people, but also on their mental health due to increased stress and anxiety. For health care to be helpful, it needs to happen faster.

This is why the government is reducing wait times for people across the province by investing an additional \$72 million in 2023–24 to make more surgeries available at community surgical and diagnostic centres to connect people to care faster. This investment will allow hospitals to focus their time and efforts on more complex and high-risk surgeries, ease pressure on emergency departments and reduce surgical waitlists.

Community surgical and diagnostic centres will also coordinate with local hospitals to accept people that are being referred so they can get the surgeries they need as quickly as possible. The people of Ontario will always access the health care they need with their Ontario Health Insurance Plan (OHIP) card, and never their credit card.

This builds on previous 2022–23 investments, including:

- \$300 million as part of the surgical recovery strategy to increase scheduled surgeries and procedures, as well as appropriate diagnostic imaging services in hospitals, with a focus on areas with the greatest need; and
- \$18 million to cover care for thousands of patients, including more than 49,000 hours of MRI and CT scans, 4,800 cataract surgeries, 900 other ophthalmic surgeries, 1,000 minimally invasive gynecological surgeries and over 2,800 plastic surgeries, such as hand soft tissue repairs, in existing facilities.

Ensuring Children Have Access to the Care They Need

Every child in Ontario should be able to get the care they need, when they need it.

The recent health care funding agreement in principle between the governments of Canada and Ontario includes a one-time top-up in 2023–24 to address urgent needs such as pediatric surgical backlogs, emergency departments and other priorities.

The Ontario government has committed more than \$200 million to connect children and youth to care at hospitals and close to home in their communities, including new funding for surgical and diagnostic wait times, pediatric hospitals and rehabilitation programs, as well mental health and other community-based supports.

As part of the one-time top-up provided by the agreement in principle, Ontario will also allocate additional funding and work with frontline pediatric health partners to identify more ways to connect children and youth to the care they need.

Keeping Families Together While Their Children Receive Care

The government is increasing access to high-quality care for patients across Ontario, including care at children's hospitals. The best experts for certain conditions may not be based in a family's local community, and families sometimes travel long distances for specialized care. Ronald McDonald House Charities (RMHC) provides families with accommodation, meals, activities, peer support, respite, support for siblings, laundry, school, and many other services to take care of the entire family while their child is being treated at a nearby hospital.

The government is investing \$3.1 million in 2023–24 for an expansion of the RMHC Ottawa House. The expansion will more than double the capacity of RMHC Ottawa House from 55,000 to 115,000 overnight stays per year, for families with children being treated at the Children's Hospital of Eastern Ontario.

Supporting Children with Complex Medical Conditions

To support children and youth with complex special needs, the government is investing \$12 million over three years to fund 14 additional beds at Safehaven, a not-for-profit organization providing residential and respite care at community sites in the Greater Toronto Area (GTA). This funding will help support more children and youth with complex medical conditions and other needs with highly skilled and trained care.

Using Procurement to Support Health Care Transformation

Every year, the government pays out over \$22 billion for insured physician services, drug products, pharmacy services, and assistive devices and supplies to millions of people in Ontario.

Ontario is home to a vibrant ecosystem of health technology companies with products and services that can help reduce wait times, streamline administration and provider payments, and make health care more convenient and accessible for people. The government is committed to providing procurement opportunities for innovators to help transform Ontario's health care system for the benefit of patients.

The government is moving forward with a multi-year Claims Modernization plan to upgrade the business processes and IT infrastructure that manage claims for Ontario's health plans. This plan will include a market sounding so companies can bring forward solutions to make these processes and systems more effective, efficient and responsive to patients and health care providers.

The government is also exploring a new Innovation Pathway that, in collaboration with Supply Ontario, would review promising new innovations and provide funding to health service providers so they can procure the innovations across the health system. The Innovation Pathway could also help remove barriers to earlier adoption of new technologies by funding clinical assessments.

Pillar Three: Hiring More Health Care Workers

Ontario's dedicated and highly trained health care workforce works day in and day out so that care is there when you need it most. The government is building a stronger health care workforce so that well-trained and well-supported doctors, nurses, personal support workers and other health care professionals are there to provide quality care to the people of Ontario.

Making Progress to Build the Health Care Workforce

Since 2018, more than 60,000 nurses and almost 8,000 doctors have begun practising in Ontario, along with thousands more personal support workers, with 2022 being a record year for the number of nurses joining the province's health care workforce. The province continues to make progress and increase the number of workers that are available to provide the people of Ontario the care when they need it. This includes:

- 1,300 internationally trained nurses who have received support from the province to become fully licensed in Ontario; and over 3,100 more will soon have their licence to practice in the province.
- 12,000 newly registered nurses with 30,000 more students enrolled in nursing programs at colleges and universities.
- 24,000 more personal support workers in training by the end of 2023.



Supporting the Supply of Health Care Workers

Ontario is continuing to hire more health care workers to ensure everyone can see a trained professional when they need to. Key new investments in 2023–24 to build the health care workforce include:

- \$22 million to hire up to 200 hospital preceptors to provide mentorship, supervision and training to newly graduated nurses;
- \$15 million to keep 100 mid-to-late career nurses in the workforce; and
- \$4.3 million to help at least 50 internationally trained physicians get licensed in Ontario.

Further Expanding Nursing Enrolment

As part of the *2021 Ontario Economic Outlook and Fiscal Review*, the government announced that it would expand nursing education to add 1,500 more seats for registered nurses and registered practical nurses. Ontario is investing an additional \$55 million in 2025–26 to deliver on this commitment.

Ontario is also investing a total of \$80 million over three years, starting in 2023–24, to further expand nursing education in universities and colleges by increasing enrolment by 1,000 registered nurse, 500 registered practical nurse and 150 nurse practitioner seats.

With these investments, 8,000 additional nurses will join the health care workforce by 2028.

Extending Supports to Hire More Health Care Workers

Ontario is investing \$200 million in 2023–24 to extend supports to address immediate health care staffing shortages, as well as to grow the workforce for years to come. This includes:

- Offering up to 6,000 health care students training opportunities to work in hospitals providing care and gaining practical experience as they continue their education through the Enhanced Extern Program. This program has offered these opportunities to over 5,000 health care students; and
- Supporting up to 3,150 internationally educated nurses to become accredited nurses in Ontario through the Supervised Practice Experience Partnership Program. More than 2,000 internationally educated nurses have enrolled in this program and over 1,300 of them are already fully registered and practising in Ontario.

Helping More Ontario Students Become Doctors

Ontario needs more doctors. There are many Ontario students who want to be doctors right here in the province but there are not enough medical training seats available, and those who go on to study abroad have a hard time getting residencies back at home. This is why Ontario continues to expand undergraduate and postgraduate medical training seats across the province. The government is more than doubling the previous investment of \$42.5 million over two years, with an additional \$100.8 million over the next three years to expand and accelerate the rollout of undergraduate and postgraduate seats. This will result in an additional 160 undergraduate positions and 295 more postgraduate positions by 2028.

Ontario is also investing an additional \$33 million over three years to add 100 undergraduate seats beginning in 2023, as well as 154 postgraduate medical training seats to prioritize Ontario residents trained at home and abroad beginning in 2024 and going forward. Ontario residents will also continue to be prioritized for undergraduate spots at medical schools in the province.

These investments will bring the total number of undergraduate seats to 1,212 and postgraduate training seats to 1,637 in Ontario by 2028.

Training More Physician Assistants

Ontario is adding 52 new physician assistant training seats beginning in 2023. This expansion will help reduce wait times and improve patient access in high-need areas including emergency medicine and primary care.

Physician assistants are highly trained professionals who work under the supervision of a physician to take patient histories, conduct physical examinations, order and interpret tests, diagnose and treat illnesses and counsel on preventive health care. They support physicians in a range of health care settings and work alongside physicians, nurses and other members of interprofessional health care teams to provide patient care.

To improve the integration of physician assistants in the health care system, the College of Physicians and Surgeons of Ontario will deliver a framework for regulating physician assistants as members in late 2023 and physician assistants will be regulated in 2024.

Connecting You to Additional Primary Care Teams

Primary care and family physicians are the foundation of Ontario's health care system. To help make care more convenient for people, the government is investing \$60 million over two years to expand existing teams and create up to 18 new primary care teams in communities with the greatest need. By increasing the number of teams, people in underserved communities and those without a family doctor will be able to connect to the care they need close to home.

These multidisciplinary care teams include doctors, nurses, social workers, and other health care professionals who will be able to provide direct care to vulnerable and marginalized people as well as those without a family doctor across Ontario. This will help connect people to care when they need it without having to visit emergency rooms and experience long wait times, while also improving health outcomes by increasing preventive care and screening procedures.

Enhancing Emergency Health Services in the Community

To help connect people with the right care and reduce wait times, the government is investing an additional \$51 million over three years to support the Dedicated Offload Nurses Program to support timely 9-1-1 response in Ontario communities.

The program provides funding to hire health care providers focused exclusively on transferring ambulance patients to hospital care, thereby freeing paramedics to respond to other 9-1-1 emergency calls. In January 2022, eligibility for program funding was expanded to include paramedics, respiratory therapists, physician assistants, as well as nurses, to address health human resource challenges affecting hospitals' ability to staff offloading positions.

The program will provide 800,000 dedicated hours to support municipalities over three years with offloading ambulance patients to the emergency department, which will increase the availability of paramedics to respond to other emergency calls in their communities.

Expanding Successful 9-1-1 Models of Care

To help reduce hospital visits and ensure beds are available for those who need them most, the government has expanded successful 9-1-1 patient care models to include treat-and-discharge and referral for different patient groups, including people with diabetes and epilepsy. This builds on the innovative mental health and addictions and palliative patient care models approved in more than 40 communities, which provide paramedics with flexibility to treat patients at home or in the community rather than in emergency departments.

Through this initiative, patients diverted from emergency departments received the care they needed up to 17 times faster with 94 per cent of patients avoiding the emergency department in the days following treatment.

Recruiting More Frontline Personal Support Workers

Ontario continues to support critical frontline health care workers. This is why the government is providing \$1.2 million to the Ontario Personal Support Workers Association to help with recruitment efforts by promoting the personal support worker profession in the long-term care sector. The funding will help raise awareness of the profession through outreach with district school boards, community groups, and in job fairs across the province.

This investment builds on the government's ongoing commitment to support frontline health care workers and improve the quality of care for long-term care residents, making a real difference in the lives of seniors and their families.

Supporting Students and Families

Ontario is putting students and parents first. This is why the government is helping students catch up, as well as connecting the education system to in-demand jobs.

Helping Students Catch Up

Ontario continues to take action to ensure students catch up after two years of learning disruption. The next steps in the government's Plan to Catch Up will focus on helping students develop skills in math and reading and preparing them for the jobs of the future.

Moving forward, the government will further enhance supports under the plan, including:

- **Early Reading Enhancements** will invest \$25 million over two years to provide support for students in senior kindergarten to Grade 2. Students will be assessed twice a year for their reading skills using evidence-based screening tools. The government plans to work with school boards to establish a consistent set of recommended screening tools.
- **Targeted Math Supports** include an additional \$12.6 million investment over two years, to double the number of school math coaches who will be responsible for implementing early intervention strategies and providing other math-related supports for students at targeted schools across the province.
- **Preparing More Students for the Jobs of the Future** will involve creating stronger links between classroom learning and good-paying careers. Over three years, the government is investing \$6.2 million in targeted supports for students with disabilities to pursue cooperative education opportunities.
- **Continued Curriculum Updates** will focus on life and job skills by revising curriculum in language; science, technology, engineering and mathematics (STEM); and skilled trades. This includes a new Computer Studies and revised Technological Education curriculum, beginning with the implementation of a new Grade 10 course in September 2023 and revised Grade 9 and 10 courses to be offered in September 2024.

Helping Students Get Back on Track

To help parents support their children's learning through supports such as tutoring, learning supplies and equipment, the government launched a \$365 million investment for Catch Up Payments, offering parents \$200 per child or \$250 per child with special education needs. These payments provide direct financial support to parents that can be used to help their child's education.

Teaching Financial Literacy

In 2020, Ontario launched a new math curriculum for students from Grades 1 through to Grade 8. In 2021, Ontario launched a new de-streamed math curriculum for students in Grade 9. The new curriculum emphasizes financial literacy so that by the time students graduate from secondary school, they have the skills to budget and manage their personal finances. Building on this, the government will provide \$6.8 million over three years to support practical, hands-on experiences for students to further their financial literacy learning and growth. Ontario will also release self-directed learning modules on financial literacy that help Grade 9 and 10 students prepare for their transition to postsecondary education or the workforce after high school.

Providing Parents Choice and Making Child Care More Affordable

Access to affordable and high-quality child care is essential for Ontario families. It helps reduce the financial pressures that families face and gives children a positive start to their education. This is why the government is providing a high-quality child care system across the province.

Since its launch, 92 per cent of Ontario's licensed child care sites have enrolled in the Canada-wide Early Learning and Child Care system. This landmark \$13.2 billion investment made jointly by the Governments of Canada and Ontario provides direct financial relief for families through a 50 per cent reduction to child care fees for children aged 0 to 5. Child care fees will be further reduced to an average of \$10 per day by September 2025.

Ontario continues to work with municipalities and other partners to create 86,000 new, high-quality child care spaces by December 2026. To support this, the government launched a \$213 million grant program for new and existing operators to help offset the costs of expanding or creating spaces such as purchasing equipment or renovating facilities. By providing startup grants, the government is helping to create new child care spaces for communities that need them the most.



While Ontario implements the new child care system, eligible families continue to benefit from the Childcare Access and Relief from Expenses (CARE) Tax Credit. This credit provides families with financial support of up to 75 per cent of their eligible child care expenses and provides parents with choice in meeting their child care needs.

Improving Outcomes for Youth Leaving the Child Welfare System

Youth leaving the child welfare system are at high risk of being trafficked, experiencing homelessness and developing mental health issues, and have lower high school graduation rates than their peers. As part of the child welfare redesign, the government is investing \$170 million over three years to support a new program aimed at improving long-term outcomes for youth. The government is also expanding eligibility, which currently ends at 21 years old, to include those up to 23 years old. This investment will help youth achieve financial independence through life skills development, supports to pursue postsecondary education, training and pathways to employment.

Under the Ready, Set, Go program, children's aid societies will be required to help children plan for the future, beginning at age 13. This investment will help Ontario youth become adults who are more likely to achieve financial independence and contribute to their communities.

Responding to Community Needs

Public services should work for the people of Ontario and be easy and convenient to access. The government is continuing to improve the services it provides to make it easier for you to access these services and save money.

Bringing Services to You

ServiceOntario is enhancing the customer experience through a number of pilot programs, including virtual services. Eligible people in Ontario who may find it difficult to visit a ServiceOntario centre in person can book virtual appointments to have their health cards renewed through live video calls. Another example is applications for accessible parking permits, which the people of Ontario can now apply for, renew and replace online from the comfort of home.

Protecting Seniors from Elder Abuse

Ontario is committed to ensuring the safety and security of seniors across the province, including providing support to those experiencing or at risk of elder abuse. This is why the government is investing close to \$1 million over three years to expand the Seniors Safety Line so seniors can access the support they need. The Seniors Safety Line is the only dedicated elder abuse helpline operating provincially.

Investigating Indian Residential School Burial Sites

Across Canada, more than 150,000 Indigenous children were removed from their families and communities and sent to Indian Residential Schools between 1870 and 1996. The government is committed to working with Indigenous partners to support meaningful reconciliation and a broader understanding of the legacy of Residential Schools.

The government is providing an additional \$25.1 million in 2023–24 to support the identification, investigation, protection and commemoration of Residential School burial sites across the province, as well as mental health supports for First Nation communities. Funding will provide resources for community coordinators, researchers and technical expertise, ongoing engagement with survivors, mental health supports, archival analysis, and the deployment and interpretation of ground-scanning technologies.

Protecting You and Your Family

The government is committed to making all communities safe. From getting criminals off the streets to reducing guns and gang violence, the government is acting to protect law-abiding citizens.

Fighting Guns, Gangs and Violence

Gang members are criminals who put communities at risk. A variety of criminal offences are consistently linked to gang membership, including property offences, drug trafficking and importation, fraud, robberies, assaults with weapons, homicides and human trafficking.

The government is addressing crime and building safer communities to protect law-abiding citizens. Building on the success of the Guns, Gangs and Violence Reduction Strategy, Ontario is investing \$13.4 million in 2023–24 to fight gun- and gang-related crime. This additional funding will continue effective gang prevention and intervention strategies that are known to work.

From 2021 to 2022, over 1,000 completed and ongoing investigations have received funding through the Gun and Gang Specialized Investigations Fund. These investigations targeting guns, gangs, and human trafficking have seized over 437 firearms, resulted in 1,259 persons charged and targeted 58 organized crime groups.

Calling on the Federal Government to Get Tougher on Crime

As law enforcement experts have highlighted time and time again, the only way to truly tackle gun violence is to crack down on the illegal guns being smuggled in daily across Ontario's borders.

Too many innocent people have lost their lives at the hands of dangerous criminals who should have been behind bars. Every act of violence committed by these repeat violent offenders is a failure of the justice system. While Ontario is investing in boots-on-the-ground policing, bail reform is also needed.

The province joins Ontario law enforcement in calling on the federal government to crack down on smugglers at the borders, step up inspections, and reform the Canadian bail system.

Helping to Address Human Trafficking, Violence Against Women and Victims of Crime

Since 2020, the government has also committed over \$693 million to support victims of violence, including emergency shelters, counselling services and 24-hour crisis lines.

Sex trafficking is the most reported type of human trafficking in Ontario. It is a vicious crime that poses a real and growing threat to the children and youth of the province, especially Ontario's most vulnerable youth. The victims of sex trafficking are primarily young women and girls, and the average age of recruitment is just 13 years old. Sex traffickers repeatedly target the vulnerability of their victims in order to control and exploit them.

This is why the government is providing \$2.5 million in 2023–24 to continue to support the Youth Violence and Human Trafficking Prevention Program and the Victim Quick Response Program+, under the Guns, Gangs and Violence Reduction Strategy. These programs support community-based prevention initiatives including supports for survivors of human trafficking. This also builds on Ontario's leadership in combatting human trafficking, including legislation that raises awareness, protects victims, supports survivors and holds offenders accountable.

Enhancing Ontario's Emergency Readiness

Failure to plan is preparing to fail. This is why the government is putting in place systems and funding that will lead to better outcomes for the people of Ontario during and after an emergency.

When people need help, they must be assured everything has been done to prepare for the best response possible. Ontario's first responders, community organizations, and those who step up during an emergency deserve gratitude and support. It is up to the government to ensure that they have the tools, training, systems, coordination, and funding to do what they do best.

This is why the government is investing \$110 million over three years to fund, train, coordinate, and improve Ontario Corp and the province's emergency preparedness. This additional investment will enhance the government's emergency management by:

- Creating a new **Emergency Management Preparedness Grant** to support community organizations, including for purchasing equipment required to help and protect people and communities.
- Investing in a new **Emergency Response Fund**, to provide urgent relief for municipalities, First Nations and communities often needed in the first 24 to 72 hours after an emergency arises. The funding could be used to assist communities by mobilizing skilled volunteer resources, deploying coordination teams, and providing equipment and financial assistance to ensure a strong and swift recovery after an emergency.
- Expanding a new, comprehensive **emergency preparedness program** created in coordination with emergency management partners to help ensure meaningful exercises geared toward enhancing preparedness, which meet the diverse needs of communities and are implemented across the province. This will be supported by improvements to training development and delivery and through the establishment of a year-round public education campaign.
- Providing annual **funding to better support capacity** among communities with nuclear roles and responsibilities, and enhance their ability to protect the health, safety and welfare of the people of Ontario in the event of a nuclear incident.

The government is also enhancing the Ontario Corp's volunteer portal and IT systems to support data and information sharing with emergency management partners. Ontario will continue to find ways to enhance information sharing.

These investments will support the province in being better prepared and quicker to respond to future emergencies.



Chapter 2

Economic Performance and Outlook

Introduction

Ontario's economy has remained resilient and continued to grow in 2022 despite ongoing economic uncertainty. Ontario's employment gains were robust in 2022, and the unemployment rate remains near historic lows.

Like the rest of the world, Ontario will be affected by short-term and long-term trends in the global economy, including geopolitical tensions such as Russia's war in Ukraine, the reopening of China's economy, the energy transition, and policies such as the United States' *Inflation Reduction Act*.

Ontario's real gross domestic product (GDP) is projected to increase by 0.2 per cent in 2023, 1.3 per cent in 2024, 2.5 per cent in 2025 and 2.4 per cent in 2026. For the purposes of prudent fiscal planning, these projections are slightly below the average of private-sector forecasts.

Table 2.1

Summary of Ontario's Economic Outlook

(Per Cent)

	2021	2022	2023p	2024p	2025p	2026p
Real GDP Growth	5.2	3.7e	0.2	1.3	2.5	2.4
Nominal GDP Growth	10.3	9.4e	2.8	3.6	4.6	4.5
Employment Growth	5.2	4.6	0.5	1.0	1.7	1.7
CPI Inflation	3.5	6.8	3.6	2.1	2.0	2.0

e = estimate.

p = Ontario Ministry of Finance planning projection based on external sources as of January 30, 2023.

Sources: Statistics Canada and Ontario Ministry of Finance.



Revisions to the Outlook Since the 2022 Budget

Ontario's real GDP grew by an estimated 3.7 per cent in 2022, in line with the projection in the *2022 Budget*, while nominal GDP growth is estimated at 9.4 per cent, significantly higher than the 6.7 per cent *2022 Budget* projection. In 2022, compensation of employees, the net operating surplus of corporations, household consumption and consumer prices all grew faster than initially projected.

The outlook has been revised compared to the projections in the *2022 Budget*. Key changes since the *2022 Budget* include:

- Weaker real and nominal GDP growth between 2023 and 2024, but stronger in 2025;
- Slower growth in nominal household consumption over the forecast period;
- Stronger employment growth in 2022, followed by slower growth in 2023 and 2024; and
- Weaker home resale market in 2023, followed by a strong rebound in 2024.

Table 2.2

Changes in the Ontario Ministry of Finance Key Economic Forecast Assumptions: 2022 Budget Compared to the 2023 Budget

(Per Cent Change)

	2022		2023p		2024p		2025p	
	2022 Budget	2023 Budget	2022 Budget	2023 Budget	2022 Budget	2023 Budget	2022 Budget	2023 Budget
Real Gross Domestic Product	3.7	3.7e	3.1	0.2	2.0	1.3	1.9	2.5
Nominal Gross Domestic Product	6.7	9.4e	5.1	2.8	4.2	3.6	4.1	4.6
Compensation of Employees	5.6	9.0e	4.6	5.1	4.6	4.2	4.1	4.5
Net Operating Surplus — Corporations	4.6	5.0e	5.8	(8.2)	1.6	(0.5)	4.2	9.2
Nominal Household Consumption	8.8	12.6e	6.3	5.1	4.7	4.1	4.6	4.3
Other Economic Indicators								
Employment	3.9	4.6	2.0	0.5	1.7	1.0	1.2	1.7
Job Creation (000s)	287	338	153	39	133	78	95	133
Unemployment Rate (Per Cent)	6.1	5.6	5.7	6.4	5.6	6.6	5.5	6.3
Consumer Price Index	4.7	6.8	2.5	3.6	2.1	2.1	2.1	2.0
Housing Starts (000s) ¹	86.9	96.1	84.0	80.3	87.3	79.3	87.8	82.7
Home Resales	(11.3)	(32.3)	1.5	(8.9)	1.2	21.0	1.2	1.2
Home Resale Prices	9.3	6.8	2.6	(9.7)	4.0	2.2	4.0	4.0
Key External Variables								
U.S. Real Gross Domestic Product	3.7	2.1	2.6	0.5	2.1	1.2	2.0	2.1
WTI Crude Oil (\$US per Barrel)	82	95	75	83	67	80	68	79
Canadian Dollar (Cents US)	79.5	76.8	79.5	74.4	79.2	76.5	80.0	77.6
Three-Month Treasury Bill Rate (Per Cent) ²	0.9	2.3	1.7	4.3	2.0	3.3	2.1	2.5
10-Year Government Bond Rate (Per Cent) ²	2.0	2.8	2.5	3.1	2.8	3.1	2.9	3.1

e = estimate.

p = Ontario Ministry of Finance planning projection based on external sources as of January 30, 2023.

¹ Housing starts projection based on private-sector average as of January 30, 2023.

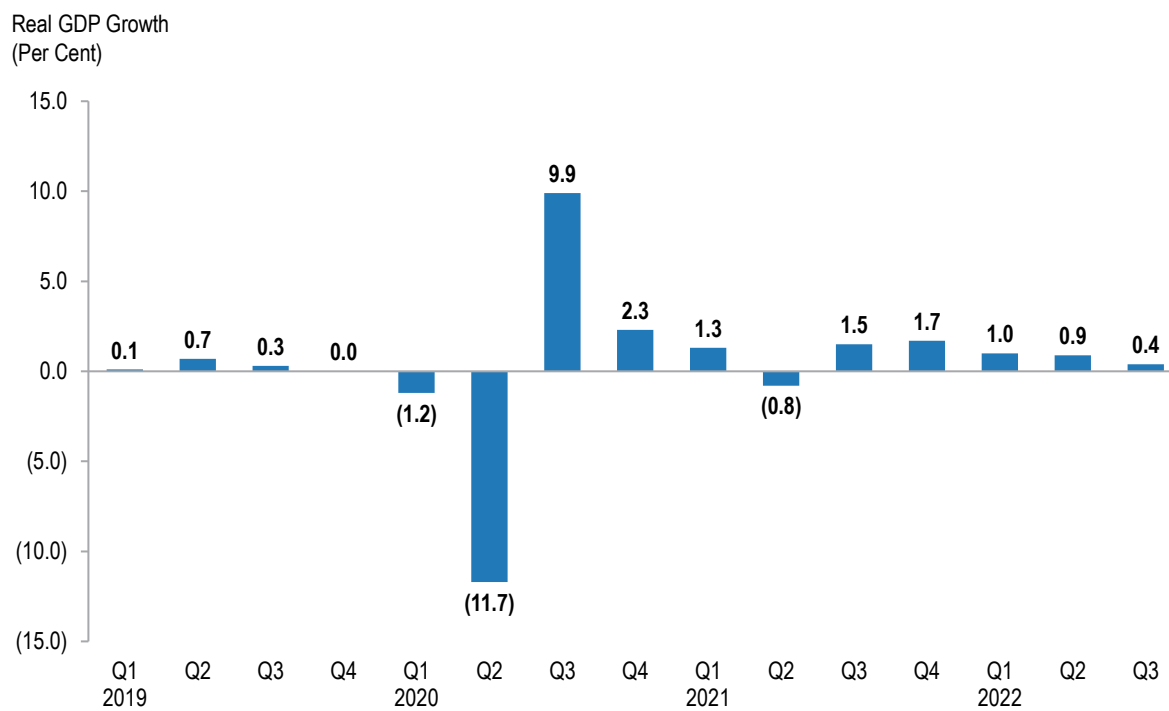
² Government of Canada interest rates.

Sources: Statistics Canada; Canada Mortgage and Housing Corporation; Canadian Real Estate Association; Bank of Canada; United States Bureau of Economic Analysis; *Blue Chip Economic Indicators* (October 2022 and January 2023); U.S. Energy Information Administration; and Ontario Ministry of Finance.

Recent Economic Performance

Ontario's real GDP recorded its fifth consecutive increase in the third quarter of 2022, rising 0.4 per cent, following a 0.9 per cent increase in the second quarter. Real GDP exceeded the pre-pandemic level by 4.0 per cent as of the third quarter of 2022.

Chart 2.1
Ontario's Economy Continued To Grow

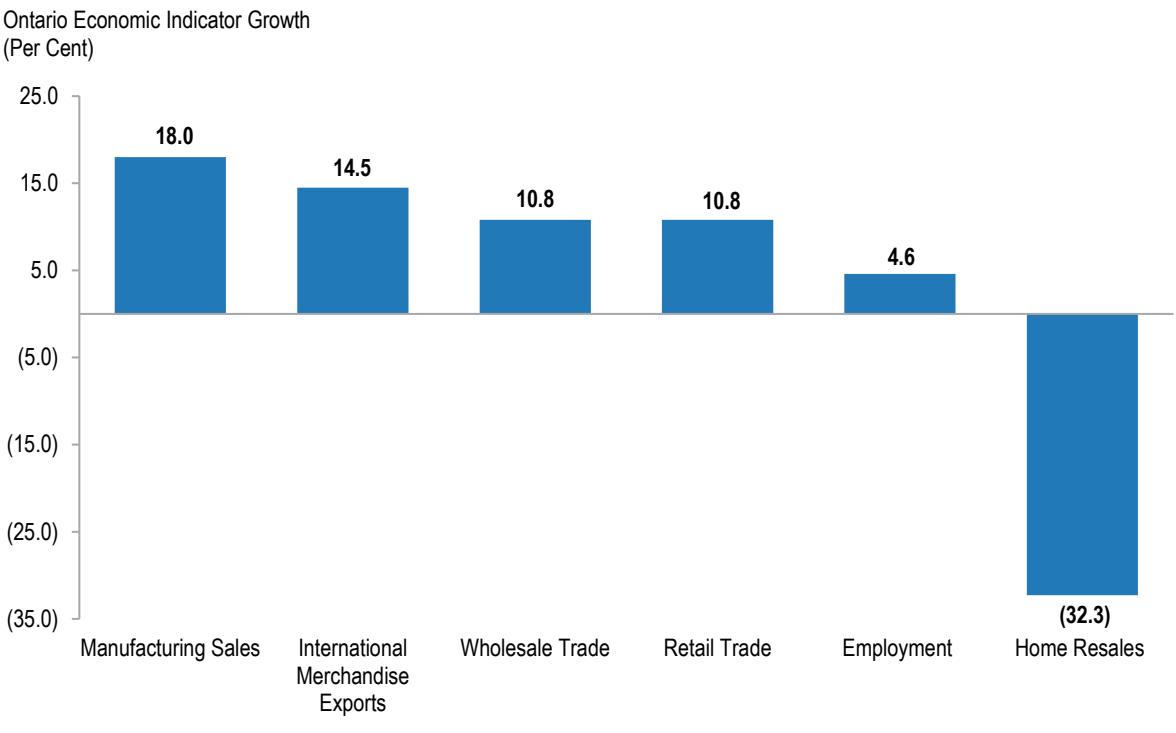


Source: Ontario Ministry of Finance.

While overall growth has been resilient, some interest rate-sensitive sectors such as consumer spending and housing investment have shown signs of slowing recently. Ontario's real household spending declined 0.9 per cent in the third quarter of 2022. Real investment in residential structures declined 6.8 per cent in the third quarter of 2022, following a 10.4 per cent decline in the second quarter, coinciding with a slowing housing market. Business inventories reached a record level in the third quarter of 2022, which could be reduced over the next few quarters and weigh on GDP growth.

Other economic indicators performed well in 2022, including manufacturing sales, exports, wholesale and retail trade, and employment. Home resales were down due to rapidly rising interest rates as the Bank of Canada raised its policy interest rate from 0.25 per cent at the beginning of March 2022, to 4.50 per cent in January 2023.

Chart 2.2
Manufacturing Sales Growth Led Key Economic Indicators in 2022



Sources: Statistics Canada and Canadian Real Estate Association.

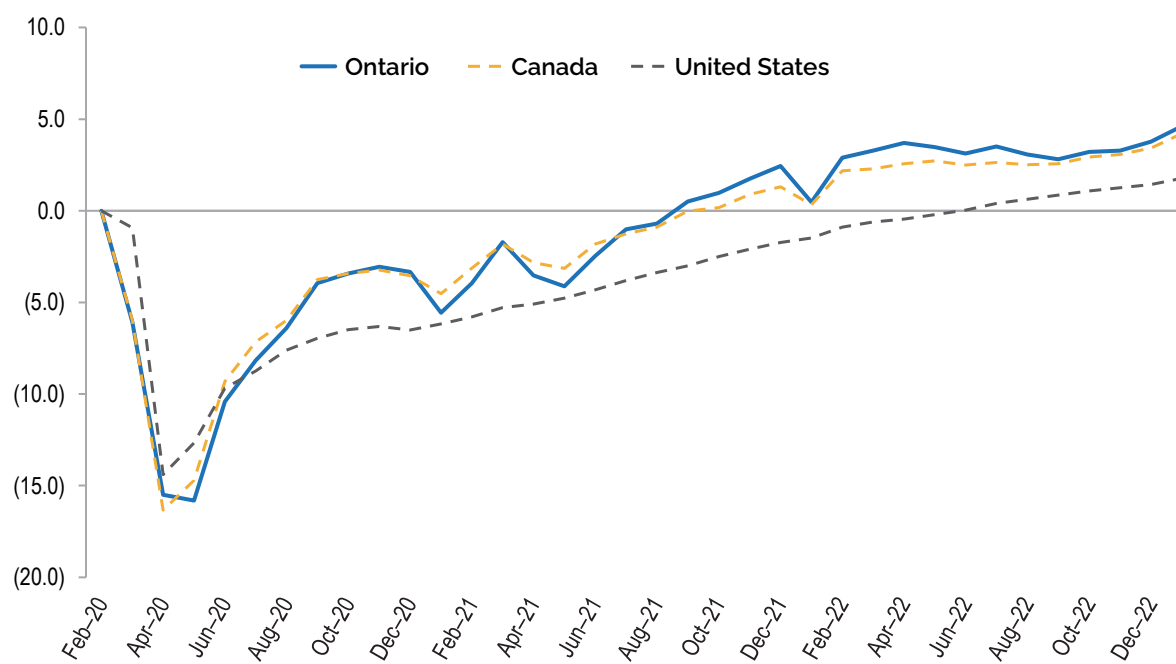
Ontario Labour Market

Ontario is facing a tight labour market with a historically low unemployment rate coupled with high levels of employment. The province's unemployment rate averaged 5.6 per cent in 2022, matching the pre-pandemic rates in 2018 and 2019, the lowest annual rate since the late 1980s. As of January 2023, Ontario's unemployment rate was 5.2 per cent.

Ontario employment rose by 338,300 (+4.6 per cent) in 2022, following a gain of 367,400 (+5.2 per cent) net jobs in 2021, the two strongest years of job growth on record.¹ The vast majority of net employment gains in the last two years were in full-time positions (81 per cent) and in the private sector (75 per cent). The pace of Ontario's employment recovery has exceeded both Canada and the United States.

Chart 2.3
Strong Employment Recovery in Ontario

Employment Growth
(Per Cent Change from February 2020)



Note: Latest data point is January 2023 for all jurisdictions.
Sources: Statistics Canada and U.S. Bureau of Labor Statistics.

¹ Statistics Canada Labour Force Survey employment data starts in 1976 for Ontario.

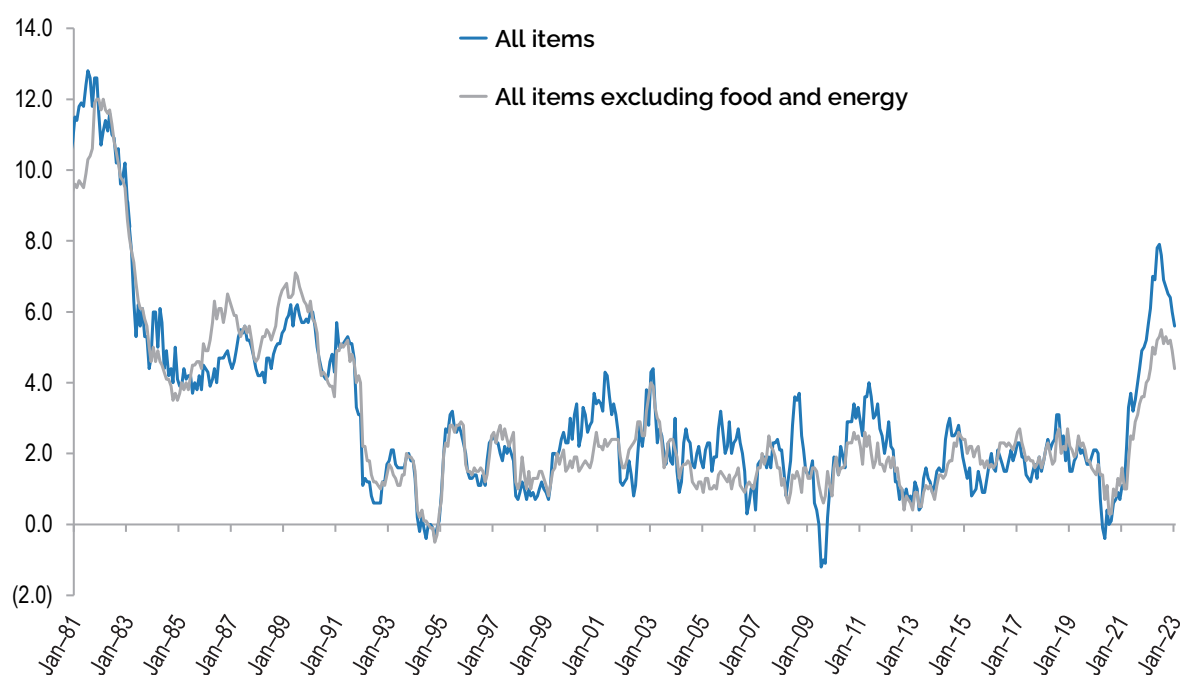
Inflation Moderating but Remains Elevated

Like many other economies around the world, inflation in Ontario rose strongly in 2022, in part due to a rebound in demand, supply chain disruptions and higher commodity prices further exacerbated by Russia's invasion of Ukraine. Over the last several months, inflation pressures have begun to ease, but remain elevated. Ontario's Consumer Price Index (CPI) increased 5.6 per cent in January 2023, compared to a year earlier, moderating from a recent peak of 7.9 per cent in June 2022.

High energy prices have been persistent since early 2021, reaching a peak of 37.0 per cent year-over-year in June 2022. Energy price inflation eased significantly to 9.0 per cent in January 2023 but remains high. Food price inflation has also been a major contributor to headline inflation, up 10.1 per cent in January 2023 compared to a year earlier. Excluding food and energy, inflation rose 4.4 per cent year-over-year in January 2023.

Chart 2.4
Ontario's Consumer Price Inflation

Ontario CPI Inflation
(Year-over-Year Per Cent)



Source: Statistics Canada.

Economic Outlook

The Ontario Ministry of Finance regularly consults with private-sector economists and continually tracks their forecasts to inform the government's planning assumptions.

Private-sector forecasters, on average, are projecting that Ontario's real GDP will grow by 0.3 per cent in 2023, 1.4 per cent in 2024, 2.6 per cent in 2025 and 2.5 per cent in 2026. The Ontario Ministry of Finance's real GDP projections are set below the average of private-sector forecasts in each year for prudent planning purposes. Three external economic experts reviewed the Ontario Ministry of Finance's economic planning assumptions and found them to be reasonable.²

Table 2.3

Private-Sector Forecasts for Ontario Real GDP Growth

(Per Cent)

	2023	2024	2025	2026
Scotiabank (December)	0.5	1.6	–	–
National Bank of Canada (December)	0.6	1.6	–	–
Royal Bank of Canada (December)	(0.1)	1.1	–	–
Quantitative Economic Decisions, Inc. (January)	1.0	1.5	4.2	3.8
TD Bank Group (January)	0.3	0.2	1.4	1.7
CIBC Capital Markets (January)	0.2	0.6	–	–
Desjardins Group (January)	0.0	1.0	2.4	2.2
Laurentian Bank Securities (January)	(0.2)	1.5	–	–
BMO Capital Markets (January)	0.1	1.6	–	–
University of Toronto (January)	0.4	1.8	3.1	2.9
Central 1 Credit Union (January)	0.8	1.8	2.4	–
The Conference Board of Canada (January)	0.5	2.5	2.8	2.1
Stokes Economics (January)	0.3	1.6	2.1	2.4
Private-Sector Survey Average	0.3	1.4	2.6	2.5
Ontario's Planning Projection	0.2	1.3	2.5	2.4

Sources: Ontario Ministry of Finance Survey of Forecasters (January 30, 2023) and Ontario Ministry of Finance.

² The three experts are from the Policy and Economic Analysis Program at the University of Toronto; Quantitative Economic Decisions, Inc.; and Stokes Economic Consulting, Inc.

Private-sector forecasters, on average, are projecting that Ontario's nominal GDP will grow by 2.9 per cent in 2023, 3.7 per cent in 2024, 4.7 per cent in 2025 and 4.6 per cent in 2026. The Ontario Ministry of Finance's nominal GDP projections are set below the average of private-sector forecasts in each year for prudent planning purposes.

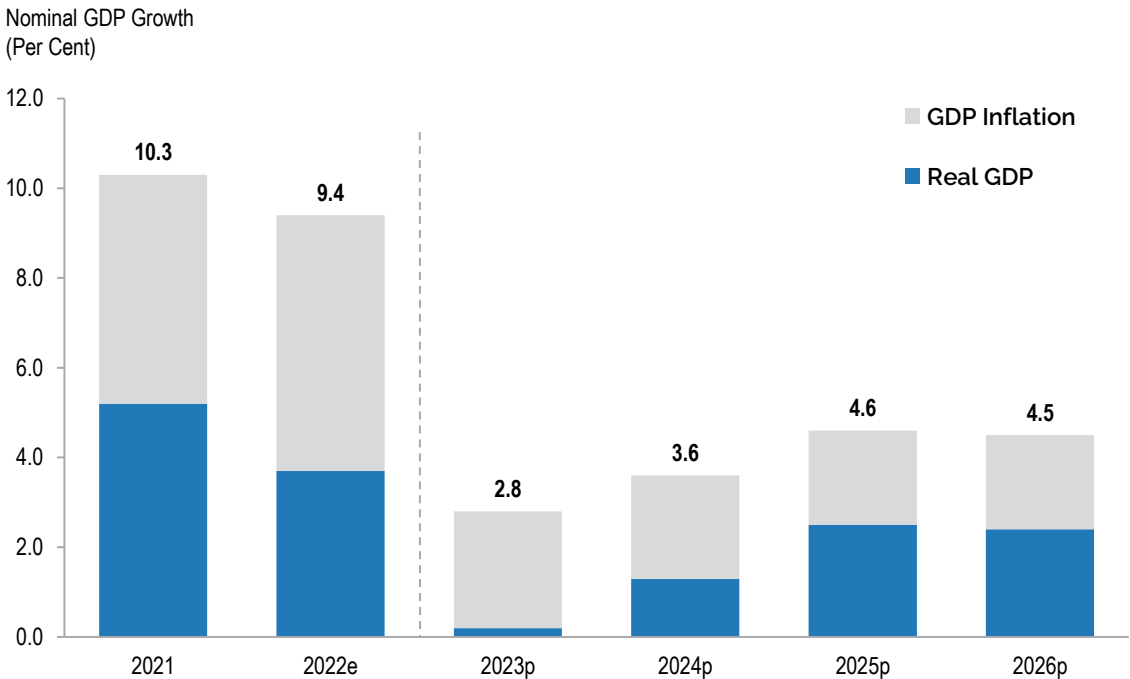
Table 2.4
Private-Sector Forecasts for Ontario Nominal GDP Growth
(Per Cent)

	2023	2024	2025	2026
Scotiabank (December)	3.6	4.1	–	–
National Bank of Canada (December)	1.3	3.8	–	–
Royal Bank of Canada (December)	2.3	3.5	–	–
Quantitative Economic Decisions, Inc. (January)	5.6	4.2	7.0	6.1
TD Bank Group (January)	2.5	2.6	3.4	3.7
CIBC Capital Markets (January)	1.6	2.8	–	–
Desjardins Group (January)	1.8	2.8	–	–
Laurentian Bank Securities (January)	3.4	3.8	–	–
BMO Capital Markets (January)	2.6	4.0	–	–
University of Toronto (January)	2.4	3.6	5.1	5.0
Central 1 Credit Union (January)	4.0	3.4	4.4	–
The Conference Board of Canada (January)	2.8	4.8	4.6	3.9
Stokes Economics (January)	4.0	4.3	3.9	4.1
Private-Sector Survey Average	2.9	3.7	4.7	4.6
Ontario's Planning Projection	2.8	3.6	4.6	4.5

Sources: Ontario Ministry of Finance Survey of Forecasters (January 30, 2023) and Ontario Ministry of Finance.

The Ontario Ministry of Finance estimates that Ontario nominal GDP increased by 9.4 per cent in 2022, largely reflecting continued elevated GDP inflation due to strong economy-wide price increases amid supply constraints and strong demand. Nominal GDP growth is projected to moderate as inflation is forecast to slow.

Chart 2.5
Ontario GDP Growth Projected To Moderate



e = estimate.

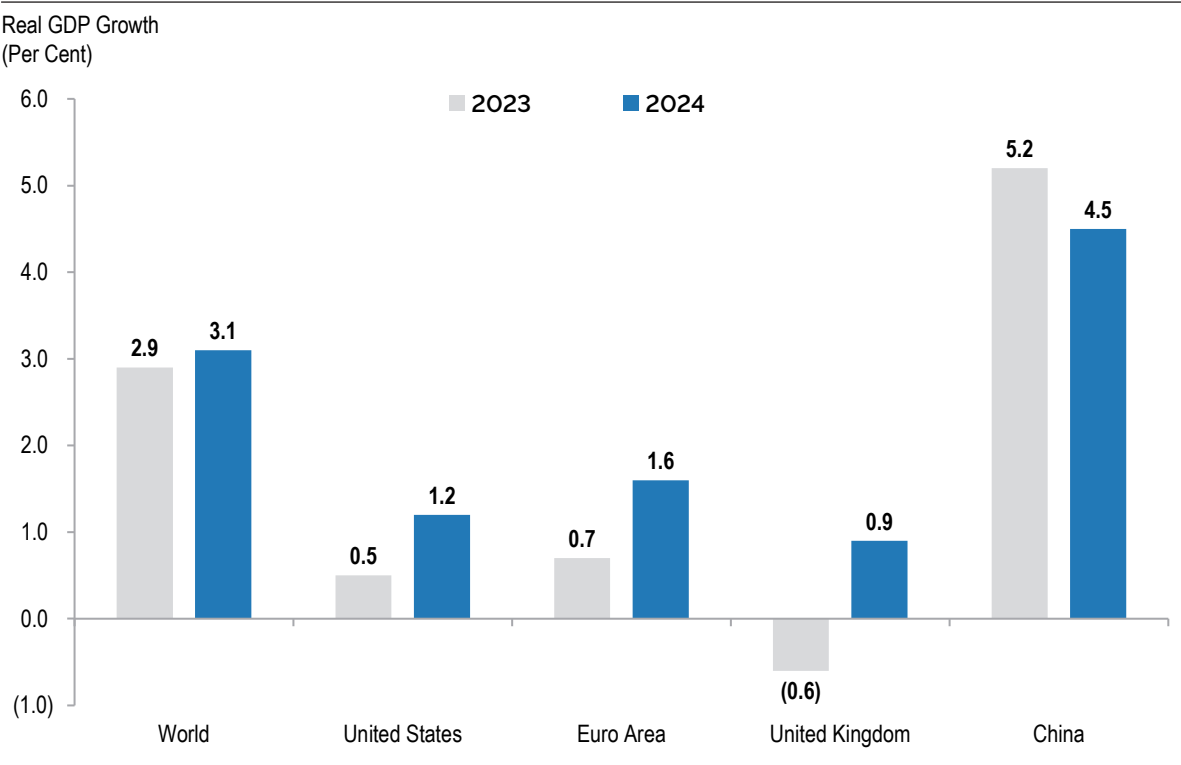
p = Ontario Ministry of Finance planning projection based on external sources as of January 30, 2023.

Sources: Statistics Canada and Ontario Ministry of Finance.

Global Economic Environment

Global economic growth expectations have started to improve as the energy-price shock following Russia’s invasion of Ukraine has moderated, and China has begun to reopen its economy and ease public health measures. The International Monetary Fund projects global real GDP growth of 2.9 per cent in 2023, up from 2.7 per cent forecasted in October 2022, and 3.1 per cent in 2024, down slightly from growth of 3.2 per cent projected in October 2022.

Chart 2.6
Global Real GDP Growth Projections



Sources: International Monetary Fund (January 2023) and *Blue Chip Economic Indicators* (January 2023).

U.S. real GDP is projected to increase by 0.5 per cent in 2023 and 1.2 per cent in 2024. Euro area real GDP is projected to rise 0.7 per cent in 2023 and 1.6 per cent in 2024. China's real GDP is forecast to rise 5.2 per cent in 2023 and 4.5 per cent in 2024.

Table 2.5
External Factors

	2021	2022	2023p	2024p	2025p	2026p
World Real GDP Growth (Per Cent)	6.2	3.4	2.9	3.1	3.4	3.3
U.S. Real GDP Growth (Per Cent)	5.9	2.1	0.5	1.2	2.1	2.1
West Texas Intermediate (WTI) Crude Oil (\$US per Barrel)	68	95	83	80	79	79
Canadian Dollar (Cents US)	79.8	76.8	74.4	76.5	77.6	78.5
Three-Month Treasury Bill Rate ¹ (Per Cent)	0.1	2.3	4.3	3.3	2.5	2.4
10-Year Government Bond Rate ¹ (Per Cent)	1.4	2.8	3.1	3.1	3.1	3.2

p = Ontario Ministry of Finance planning projection based on external sources as of January 30, 2023.

¹ Government of Canada interest rates.

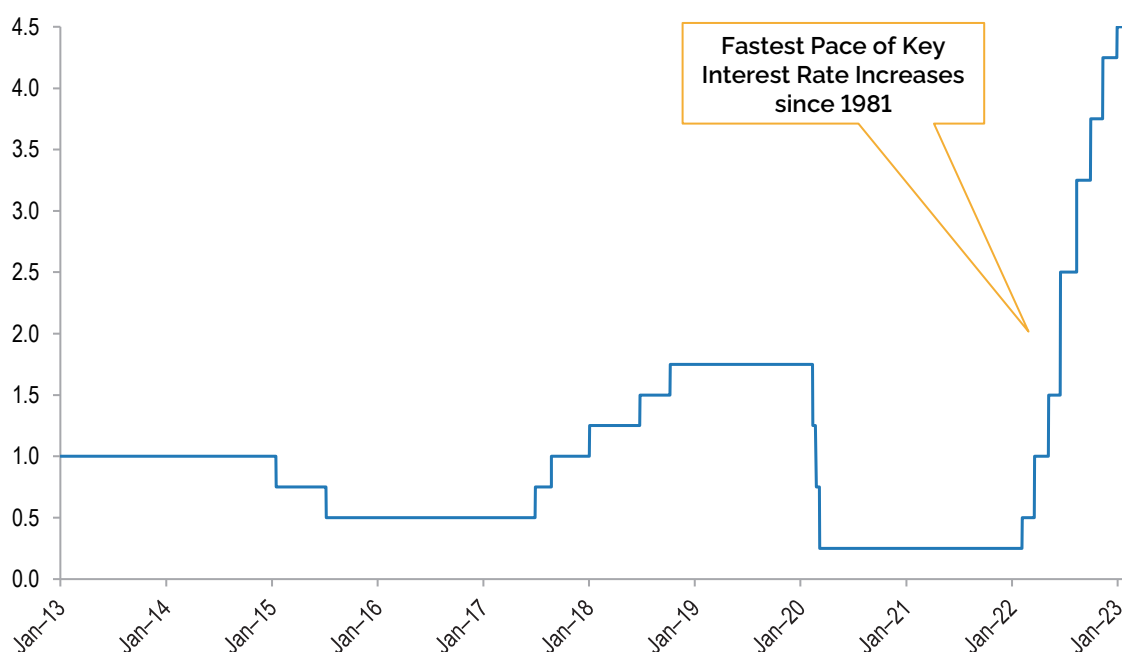
Sources: International Monetary Fund *World Economic Outlook* (January 2023 and October 2022); U.S. Bureau of Economic Analysis; U.S. Energy Information Administration; Bank of Canada; *Blue Chip Economic Indicators* (January 2023 and October 2022); and Ontario Ministry of Finance Survey of Forecasters.

Financial Markets and Other External Factors

To help control elevated consumer price inflation, the Bank of Canada significantly raised its policy interest rate from 0.25 per cent at the beginning of March 2022 to 4.50 per cent in January 2023. The Bank of Canada has stated in January that it expects to leave the policy interest rate at this level while it assesses the cumulative impacts of its interest rate increases on the economy.

Chart 2.7
Bank of Canada Raised Policy Interest Rate Significantly

Bank of Canada Target for the Overnight Rate
(Per Cent)



Sources: Bank of Canada and Ontario Ministry of Finance.

As inflation moderates further, the Bank is expected to eventually reduce policy interest rates, allowing for a decline in short-term interest rates. The Government of Canada three-month treasury bill rate rose from 0.1 per cent in 2021 to 2.3 per cent in 2022 and is expected to increase to 4.3 per cent in 2023 before moderating to 2.4 per cent by 2026. Similarly, the Government of Canada 10-year bond rate increased from 1.4 per cent in 2021 to 2.8 per cent in 2022 and is projected to rise to 3.1 per cent in 2023 and remain steady through 2026.

Energy prices are expected to moderate in 2023, as global economic growth slows, and remain steady as energy markets normalize over the projection period. The Canadian dollar is expected to average 74.4 cents US in 2023 and appreciate gradually over the projection period.

Details of Ontario's Economic Outlook

The Ontario Ministry of Finance projects real GDP to rise by 0.2 per cent in 2023, 1.3 per cent in 2024, 2.5 per cent in 2025 and 2.4 per cent in 2026. Nominal GDP is projected to grow by 2.8 per cent in 2023 and accelerate to 3.6 per cent in 2024, 4.6 per cent in 2025 and 4.5 per cent in 2026.

Table 2.6

Ontario's Economic Outlook

(Per Cent Change)

	2021	2022	2023p	2024p	2025p	2026p
Real Gross Domestic Product	5.2	3.7e	0.2	1.3	2.5	2.4
Nominal Gross Domestic Product	10.3	9.4e	2.8	3.6	4.6	4.5
Compensation of Employees	9.2	9.0e	5.1	4.2	4.5	4.2
Net Operating Surplus — Corporations	13.7	5.0e	(8.2)	(0.5)	9.2	9.1
Nominal Household Consumption	7.3	12.6e	5.1	4.1	4.3	4.2
Other Economic Indicators						
Employment	5.2	4.6	0.5	1.0	1.7	1.7
Job Creation (000s)	367	338	39	78	133	136
Unemployment Rate (Per Cent)	8.1	5.6	6.4	6.6	6.3	6.3
Consumer Price Index	3.5	6.8	3.6	2.1	2.0	2.0
Housing Starts (000s) ¹	99.6	96.1	80.3	79.3	82.7	83.2
Home Resales	18.5	(32.3)	(8.9)	21.0	1.2	1.2
Home Resale Prices	23.6	6.8	(9.7)	2.2	4.0	4.0
Key External Variables						
U.S. Real Gross Domestic Product	5.9	2.1	0.5	1.2	2.1	2.1
WTI Crude Oil (\$US per Barrel)	68	95	83	80	79	79
Canadian Dollar (Cents US)	79.8	76.8	74.4	76.5	77.6	78.5
Three-Month Treasury Bill Rate (Per Cent) ²	0.1	2.3	4.3	3.3	2.5	2.4
10-Year Government Bond Rate (Per Cent) ²	1.4	2.8	3.1	3.1	3.1	3.2

e = estimate.

p = Ontario Ministry of Finance planning projection based on external sources as of January 30, 2023.

¹ Housing starts projection based on private-sector average as of January 30, 2023.² Government of Canada interest rates.

Sources: Statistics Canada; Canada Mortgage and Housing Corporation; Canadian Real Estate Association; Bank of Canada; United States Bureau of Economic Analysis; *Blue Chip Economic Indicators* (January 2023 and October 2022); U.S. Energy Information Administration; and Ontario Ministry of Finance.

Employment, Incomes and Spending

Strong Ontario employment growth continued in 2022 and the unemployment rate averaged 5.6 per cent. In 2023, elevated inflation, high interest rates and economic uncertainty are forecast to contribute to slowing employment growth. Despite modestly rising employment in 2023, the unemployment rate is projected to rise to 6.4 per cent in 2023 as strong labour force growth is projected to continue.

Employment growth is forecast to strengthen to 1.5 per cent, on average annually, over 2024 to 2026. Rising employment growth is projected to lower the unemployment rate to 6.3 per cent in 2025 and 2026.

Slower employment growth and easing inflationary pressures are projected to moderate the growth in compensation of employees from 9.0 per cent in 2022 to 5.1 per cent in 2023. Compensation of employees is projected to grow 4.3 per cent, on average annually, over 2024 to 2026.

High debt servicing costs and elevated prices are projected to weigh on consumer spending in 2023. Nominal household consumption growth is projected to moderate from 12.6 per cent in 2022 to 5.1 per cent in 2023, reflecting both lower inflation and real growth. Nominal household consumption is projected to rise 4.2 per cent, on average annually, over the 2024 to 2026 period.

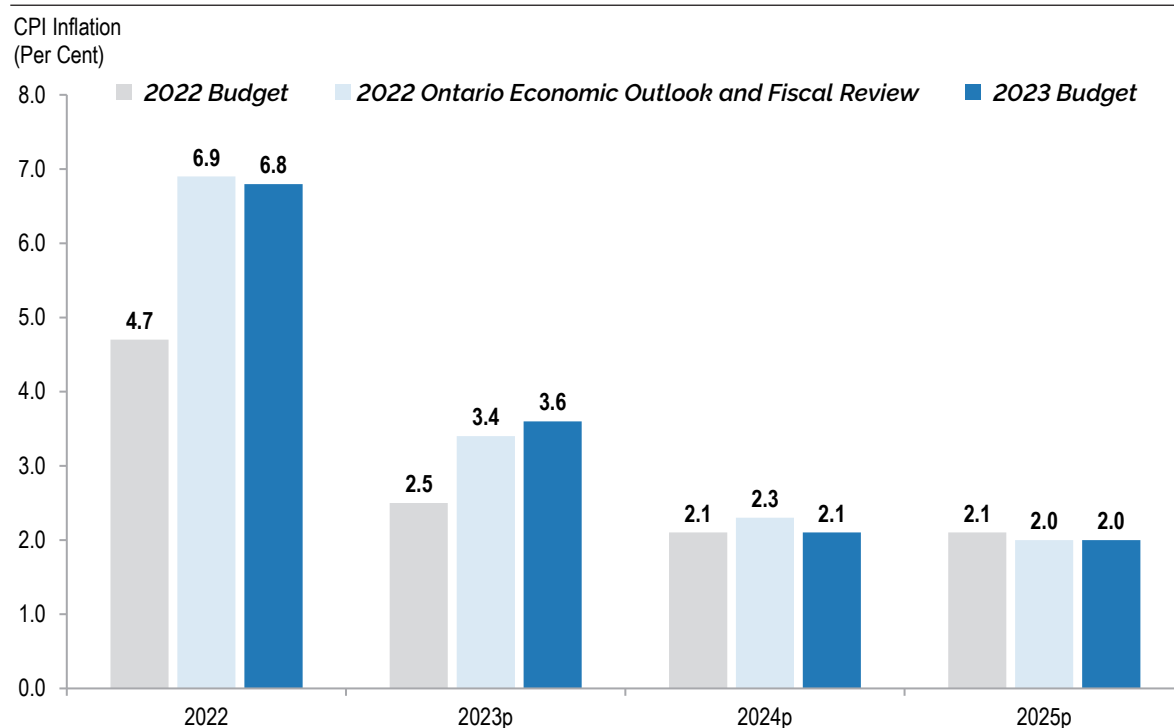
Consumer Price Inflation

In early 2022, low interest rates, supply chain constraints and strong economic activity contributed to conditions that caused Ontario's Consumer Price Index (CPI) to rise much more rapidly than expected. The impacts of the supply chain constraints were expected to be transitory by most private-sector forecasters. The *2022 Budget* projected that Ontario CPI would rise 4.7 per cent in 2022, moderate to 2.5 per cent in 2023 and return close to the Bank of Canada's 2 per cent inflation target by 2024.

By the time of the *2022 Ontario Economic and Fiscal Review*, inflation had risen much more quickly than anticipated and was expected to remain elevated for a longer period. The *2022 Ontario Economic and Fiscal Review* projected Ontario CPI would rise 6.9 per cent in 2022, 3.4 per cent in 2023 and 2.3 per cent in 2024.

The outlook for CPI inflation has changed only modestly since the *2022 Ontario Economic Outlook and Fiscal Review*. For planning purposes, the Ontario Ministry of Finance is projecting CPI inflation to be 3.6 per cent in 2023 and moderate to 2.1 per cent in 2024 before converging to the Bank of Canada's target rate of 2.0 per cent in 2025 and 2026.

Chart 2.8
Changing CPI Inflation Expectations



p = Ontario Ministry of Finance planning projection based on external sources as of January 30, 2023.

Sources: Statistics Canada and Ontario Ministry of Finance.

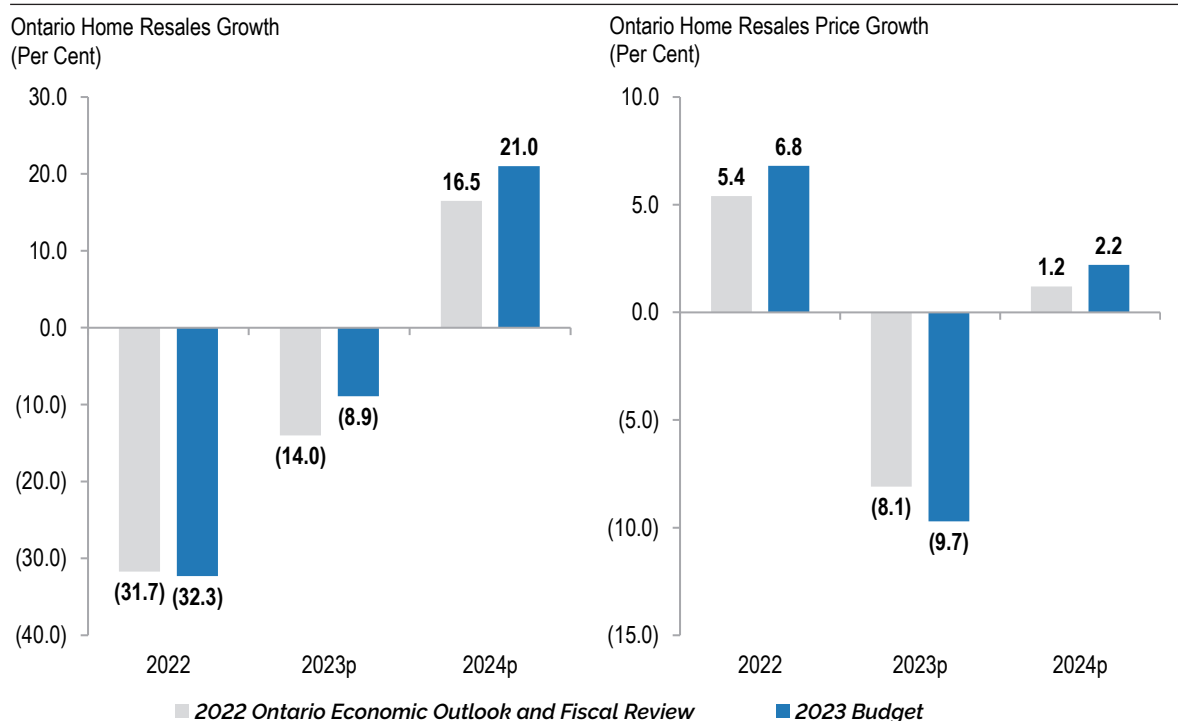
The future trajectory of CPI inflation is uncertain and dependent on the path of the economy and central bank actions. Private-sector economists have a wide range of views, with forecasts for 2023 inflation ranging from 2.7 per cent to 5.5 per cent. The range of views narrows to between 1.5 per cent and 2.5 per cent in 2024 and to between 1.8 per cent and 2.1 per cent in 2025.

Housing

Ontario housing market activity continued to moderate through the end of 2022, as the market adjusted to rising interest rates. By January 2023, average home resale prices had declined by 21.3 per cent from their February 2022 peak, while the number of home resales was 43.4 per cent lower. For 2022, strong early momentum helped average home resale prices rise 6.8 per cent, following 23.6 per cent growth in 2021. The number of home resales was 32.3 per cent lower for 2022, following 18.5 per cent growth in 2021.

Housing market activity is expected to begin to stabilize over the outlook period. The number of Ontario home resales is expected to decline by 8.9 per cent in 2023. Home resales are expected to rebound 21.0 per cent in 2024, before returning to levels more consistent with fundamental drivers of housing demand, such as population growth, in 2025 and 2026. Average home prices are expected to decline 9.7 per cent in 2023, before prices stabilize and rise 2.2 per cent in 2024 and further rebound in 2025 and 2026. For details on the government's plan to get 1.5 million homes built by 2031, see Chapter 1, Section B: *Working for You*.

Chart 2.9
Ontario Housing Market Outlook Slightly Improved Since Last Fall



Sources: Canadian Real Estate Association and Ontario Ministry of Finance.

Risks to the Outlook

Central banks in many jurisdictions, including the Bank of Canada, have tightened monetary policy to help control domestic price inflation. In recent months, headline rates of inflation have been trending downwards, led by lower energy and commodity prices. However, there is a risk that inflation, particularly in services-producing industries, may be more persistent. This could require continued tightening of monetary policy, especially if the Bank of Canada assesses that medium-term consumer and business inflation expectations are beginning to rise.

The U.S. labour market continues to perform well, despite significant monetary policy tightening by the U.S. Federal Reserve. There is a risk that there may be a more significant downturn in U.S. economic activity as the Federal Reserve works to bring U.S. consumer price inflation down. This poses a downside risk for the Ontario economy, particularly on the demand for Ontario exports.

International economic and geopolitical developments continue to pose significant risks to the Ontario economy. Developments related to Russia's invasion of Ukraine continue to expose global commodity markets and supply chains to potential volatility. The recent easing of pandemic public health measures and the reopening of China's economy are significant upside risks to global economic growth and to commodity prices.

Table 2.7 displays current estimates of the impact of sustained changes in key external factors on Ontario's real GDP planning assumptions, assuming other external factors remain unchanged. The relatively wide range of estimated impacts reflects the uncertainty regarding how the economy could respond to these changes in external conditions.

Table 2.7

Impact of Sustained Changes in Key External Factors on Real GDP Growth

(Percentage Point Change)

	Change in Real GDP Growth	
	First Year	Second Year
Canadian Dollar Appreciates by Five Cents US	(0.1) to (0.7)	(0.2) to (0.8)
Crude Oil Prices Increase by \$10 US per Barrel	(0.1) to (0.3)	(0.1) to (0.3)
U.S. Real GDP Growth Increases by One Percentage Point	+0.2 to +0.6	+0.3 to +0.7
Canadian Interest Rates Increase by One Percentage Point	(0.1) to (0.5)	(0.2) to (0.6)

Source: Ontario Ministry of Finance.

Economic Outlook Scenarios

To provide more transparency about the province's economic outlook amid the elevated degree of economic uncertainty, the Ontario Ministry of Finance has developed Faster Growth and Slower Growth scenarios. These alternative scenarios should not be considered the best case or the worst case but reasonable possible outcomes in this period of uncertainty.

Table 2.8
Ontario Real GDP Growth Scenarios

(Per Cent)

	2023p	2024p	2025p	2026p
Faster Growth Scenario	1.3	2.0	2.8	2.7
Planning Projection	0.2	1.3	2.5	2.4
Slower Growth Scenario	(0.7)	0.8	2.4	2.3

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

Source: Ontario Ministry of Finance.

Table 2.9
Ontario Nominal GDP Growth Scenarios

(Per Cent)

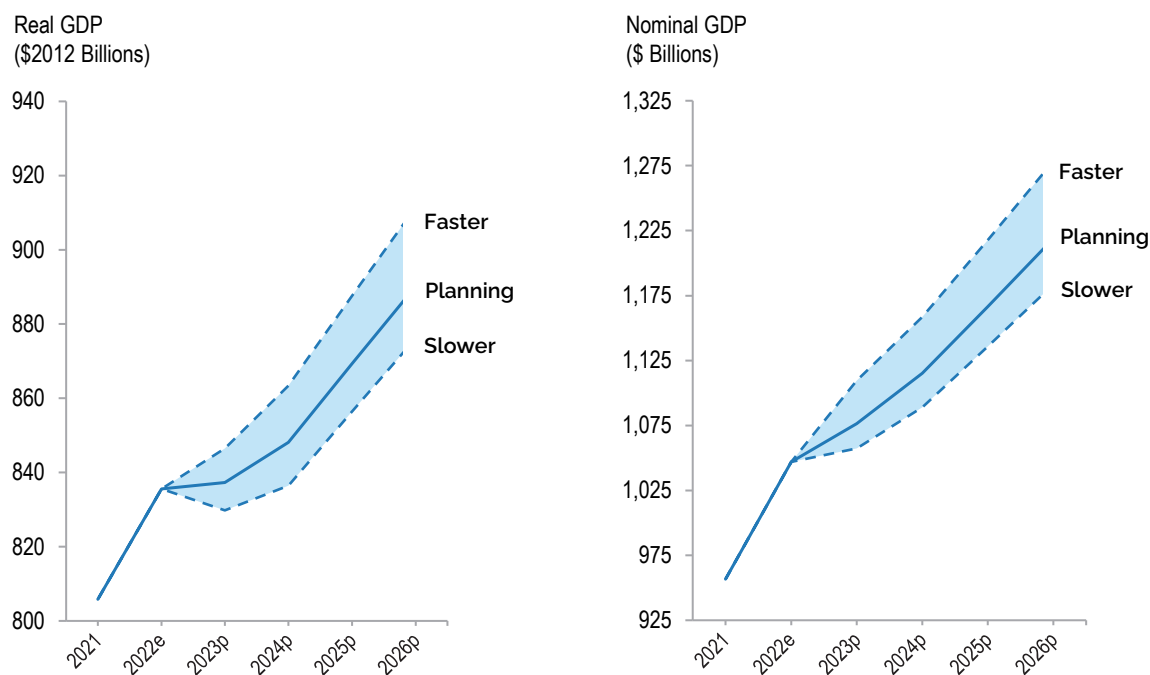
	2023p	2024p	2025p	2026p
Faster Growth Scenario	6.0	4.4	5.1	5.0
Planning Projection	2.8	3.6	4.6	4.5
Slower Growth Scenario	1.0	3.0	4.3	4.2

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

Source: Ontario Ministry of Finance.

By 2026, the level of real GDP in the Faster Growth scenario is 2.4 per cent higher than in the Planning Projection, while in the Slower Growth scenario, the level of real GDP is 1.6 per cent lower. By 2026, the level of nominal GDP in the Faster Growth scenario is 4.9 per cent higher than in the Planning Projection, while in the Slower Growth scenario, the level of nominal GDP is 2.9 per cent lower.

Chart 2.10
Range of Ontario GDP Scenario Forecasts



e = estimate.

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

Sources: Statistics Canada and Ontario Ministry of Finance.

Transparent Reporting on the Economy

The Ontario Economic Accounts provide a comprehensive overall assessment of the performance of Ontario's economy. Private-sector economists use this to assess the current state of the province's economy and as a basis for updating their forecasts. The Ontario Economic Accounts inform the government's economic and revenue forecasts, providing a key foundation for Ontario's fiscal plan.

The *Fiscal Sustainability, Transparency and Accountability Act, 2019* states that the quarterly Ontario Economic Accounts shall be released within 45 days after the Statistics Canada release of the National Income and Expenditure Accounts.

In compliance with the legislation, the quarterly Ontario Economic Accounts will be released according to the schedule outlined in Table 2.10.

Table 2.10

Ontario Economic Accounts Release Dates

Reference Period	Expected Statistics Canada Release of National Income and Expenditure Accounts	Corresponding Deadline for Release of Ontario Economic Accounts
Fourth Quarter (October-December) 2022	February 28, 2023	By April 14, 2023
First Quarter (January-March) 2023	May 31, 2023	By July 14, 2023
Second Quarter (April-June) 2023	September 1, 2023	By October 16, 2023
Third Quarter (July-September) 2023	November 30, 2023	By January 12, 2024
Fourth Quarter (October-December) 2023	February 29, 2024	By April 12, 2024

Sources: Statistics Canada and Ontario Ministry of Finance.



Chapter 3

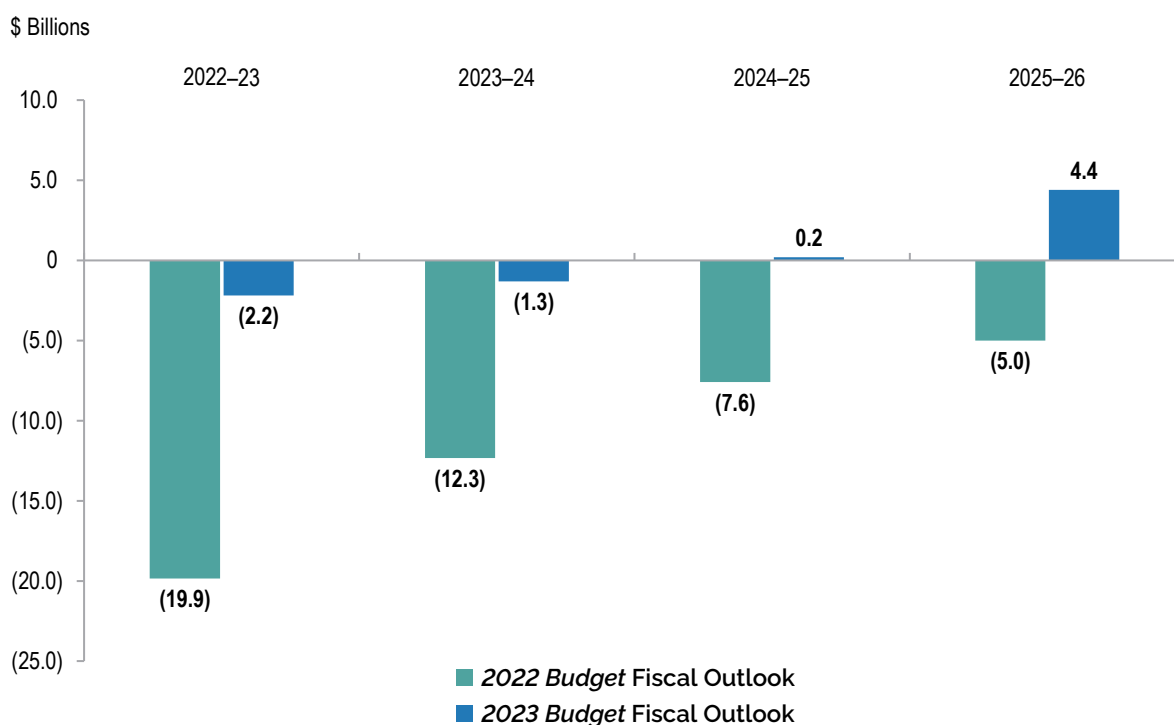
Ontario's Fiscal Plan and Outlook

Introduction

Ontario has a path to balance. The government is on track to post a surplus in 2024–25, three years earlier than forecast in the *2022 Budget*. While this is a positive update, significant economic and geopolitical uncertainty persists.

For 2022–23, the government is projecting a deficit of \$2.2 billion. Over the medium term, the government is projecting a deficit of \$1.3 billion in 2023–24, and surpluses of \$0.2 billion in 2024–25 and \$4.4 billion in 2025–26. This represents significant improvement compared to the outlook presented in the *2022 Budget*.

Chart 3.1
Current Fiscal Outlook Compared to *2022 Budget*



Source: Ontario Ministry of Finance.

Primarily due to lower than forecast deficits and higher nominal GDP growth, the net debt-to-GDP ratio is projected to be 37.8 per cent in 2022–23, 3.6 percentage points lower than the 41.4 per cent forecast presented in the *2022 Budget*. Over the medium-term outlook, Ontario's net debt-to-GDP ratio is now forecast to be 37.8 per cent in 2023–24, 37.7 per cent in 2024–25, and declining to 36.9 per cent in 2025–26.

Table 3.1
Fiscal Summary

(\$ Billions)

	Actual	Interim ¹	Medium-Term Outlook		
	2021–22	2022–23	2023–24	2024–25	2025–26
Revenue	185.1	200.4	204.4	213.0	226.0
Expense					
Programs	170.4	189.1	190.6	196.4	202.5
Interest on Debt	12.6	13.4	14.1	14.4	15.1
Total Expense	183.0	202.6	204.7	210.8	217.5
Surplus/(Deficit) Before Reserve	2.1	(2.2)	(0.3)	2.2	8.4
Reserve	–	–	1.0	2.0	4.0
Surplus/(Deficit)	2.1	(2.2)	(1.3)	0.2	4.4
Net Debt as a Per Cent of GDP	39.8%	37.8%	37.8%	37.7%	36.9%
Net Debt as a Per Cent of Revenue	205.6%	197.5%	198.9%	197.3%	190.2%
Interest on Debt as a Per Cent of Revenue	6.8%	6.7%	6.9%	6.8%	6.7%

¹ Interim represents the 2023 Budget projection for the 2022–23 fiscal year.

Notes: Numbers may not add due to rounding. Interim and medium-term outlook primarily reflect information available as of February 23, 2023.

Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.



2022–23 Interim¹ Fiscal Performance

Ontario's 2022–23 deficit is projected to be \$2.2 billion — \$17.7 billion lower than the outlook published in the *2022 Budget* and \$4.4 billion lower than the outlook published in the *2022–23 Third Quarter Finances*.

The *2023 Budget* is projecting revenues in 2022–23 to be \$200.4 billion — \$20.6 billion higher than forecast in the *2022 Budget*. This increase is largely driven by higher taxation revenue as a result of higher tax assessments for 2021 and prior years, based on information received from the Canada Revenue Agency (CRA) since the release of the *2022 Budget*.

Program expense is projected to be \$189.1 billion — \$4.0 billion higher than the *2022 Budget* forecast.

Ontario is forecast to pay \$13.4 billion in interest costs in 2022–23 — slightly lower than the forecast in the *2022 Budget* mainly due to a lower borrowing program, despite higher interest rates. At 37.8 per cent, the net debt-to-GDP ratio in 2022–23 is forecast to be 3.6 percentage points lower than in the *2022 Budget*, primarily as a result of lower than forecast deficits and higher nominal GDP growth.

¹ Defining Interim

Interim represents the *2023 Budget* projection for the 2022–23 fiscal year and is subject to change as actual provincial revenue and expense are finalized in the *Public Accounts of Ontario 2022–2023*, to be released no later than September 27, 2023.

The *2022 Budget* also included a \$1.0 billion reserve in 2022–23 to protect the fiscal plan against unforeseen adverse changes in Ontario's revenue and expense forecasts. The reserve was not required at fiscal year-end and has been drawn down at interim, reducing the deficit further.

Table 3.2
2022–23 In-Year Fiscal Performance

(\$ Millions)

	2022 Budget	Interim¹ 2022–23	In-Year Change
Revenue	179,798	200,402	20,605
Expense			
Programs	185,163	189,148	3,985
Interest on Debt	13,485	13,424	(61)
Total Expense	198,648	202,572	3,924
Surplus/(Deficit) Before Reserve	(18,850)	(2,170)	16,680
Reserve	1,000	–	(1,000)
Surplus/(Deficit)	(19,850)	(2,170)	17,680

¹ Interim represents the *2023 Budget* projection for the 2022–23 fiscal year.

Notes: Numbers may not add due to rounding. Interim and medium-term outlook primarily reflect information available as of February 23, 2023.

Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

Interim Revenue Update

The 2022–23 total revenue outlook is \$200.4 billion — \$20.6 billion higher than projected in the *2022 Budget*. Since the release of the *2022–23 Third Quarter Finances*, total revenue has increased by \$4.0 billion, due to higher projected taxation revenue, recognition of in-kind federal revenue associated with donated COVID-19 supplies and other non-tax revenue.

Table 3.3

Summary of 2022–23 Revenue Changes Since the *2022 Budget*

(\$ Millions)

	Interim ¹ 2022–23
2022 Budget Total Revenue	179,798
Revenue Changes in the 2022–23 First Quarter Finances	1,204
Revenue Changes in the 2022 Ontario Economic Outlook and Fiscal Review	5,820
Revenue Changes in the 2022–23 Third Quarter Finances	9,626
Revenue Changes Since the 2022–23 Third Quarter Finances	
Personal Income Tax	2,050
Corporations Tax	303
Gasoline Tax and Fuel Tax	98
Employer Health Tax	90
All Other Taxes	18
Total Taxation Revenue	2,560
Government of Canada Transfers	422
Other Non-Tax Revenue	973
Total Revenue Changes Since the 2022–23 Third Quarter Finances	3,955
Total Revenue Changes Since the 2022 Budget	20,605
2023 Budget Total Revenue Outlook	200,402

¹ Interim represents the *2023 Budget* projection for the 2022–23 fiscal year.

Notes: Numbers may not add due to rounding. Interim and medium-term outlook primarily reflect information available as of February 23, 2023.

Source: Ontario Ministry of Finance.

The forecast for **Total Taxation Revenue** has increased by \$2,560 million compared to the *2022–23 Third Quarter Finances*. Key changes in the taxation revenue outlook include:

- **Personal Income Tax** revenue increased by \$2,050 million reflecting updates to capture the impact of recent stronger than expected income data as well as expectations for stronger employment and wages growth;
- **Corporations Tax** revenue increased by \$303 million due to stronger than expected corporate performance;

- **Gasoline Tax and Fuel Tax** revenue increased by \$98 million reflecting updated information from tax receipts in 2022–23;
- **Employer Health Tax** revenue increased by \$90 million due to expectations for stronger employment and wages growth; and
- **All Other Taxes** combined increased by \$18 million, mainly due to higher revenues from Tobacco Tax.

Government of Canada Transfers increased by \$422 million, mainly due to the recognition of in-kind federal revenue associated with donated COVID-19 supplies, partially offset by a reprofiling of funding under the Investing in Canada Infrastructure Program.

Other Non-Tax Revenues increased by \$973 million largely due to higher third-party revenue from the Broader Public Sector and higher revenue from fees, licences and permits, royalties, and miscellaneous revenues reflecting continued recovery from the COVID-19 pandemic.

Interim Expense Update

Since the release of the *2022 Budget*, the government has made targeted investments throughout the fiscal year to continue to progress on Ontario's Plan to Build while also investing in critical public services. The 2022–23 total expense outlook is \$202.6 billion — \$3.9 billion higher than the *2022 Budget*.

Since the release of the *2022–23 Third Quarter Finances*, the total program expense projection has increased by \$0.6 billion, primarily due to additional other one-time expenses, partially offset by lower than projected ministry spending.

Table 3.4

Summary of 2022–23 Expense Changes Since the 2022 Budget

(\$ Millions)

	Interim ¹ 2022–23
2022 Budget Total Expense	198,648
Total Expense Changes in the 2022–23 First Quarter Finances	105
Total Expense Changes in the 2022 Ontario Economic Outlook and Fiscal Review	15
Total Expense Changes in the 2022–23 Third Quarter Finances	3,229
Program Expense Changes Since the 2022–23 Third Quarter Finances	
Base Programs²	
Health Sector	(284)
Education Sector ³	(47)
Postsecondary Education Sector	(75)
Children, Community and Social Services Sector	(92)
Justice Sector	313
Other Programs	(384)
Total Base Programs Expense Changes Since the 2022–23 Third Quarter Finances	(570)
COVID-19 Time-Limited Funding	(86)
Other One-Time Expenses	1,250
Total Program Expense Changes Since the 2022–23 Third Quarter Finances	594
Interest on Debt Change Since the 2022–23 Third Quarter Finances	(18)
Total Expense Changes Since the 2022–23 Third Quarter Finances	576
Total Expense Changes Since the 2022 Budget	3,924
2023 Budget Total Expense Outlook	202,572

¹ Interim represents the 2023 Budget projection for the 2022–23 fiscal year.² For presentation purposes in the 2023 Budget, one-time COVID-19-related spending in 2022–23 has been included within COVID-19 Time-Limited Funding.³ Excludes Teachers' Pension Plan. Teachers' Pension Plan expense is included in Other Programs.

Notes: Numbers may not add due to rounding. Interim and medium-term outlook primarily reflect information available as of February 23, 2023.

Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

The following program expense changes are projected since the release of the 2022–23 Third Quarter Finances:

- **Health sector** expense is projected to be \$284 million lower, primarily due to delays in construction projects due to current market conditions, a decrease in Canadian Medical Protective Association fees, as well as lower forecasted expenses for demand-driven Ontario Public Drug Programs.
- **Education sector** expense is projected to be \$47 million lower, primarily due to school boards experiencing lower than forecasted non-government revenue and implementation timing of the Canada-wide Early Learning and Child Care Agreement, partially offset by increased school board spending, such as higher fuel costs for student transportation.

- **Postsecondary Education sector** expense is projected to be \$75 million lower, mainly due to lower than expected demand for student financial assistance.
- **Children, Community and Social Services sector** expense is projected to be \$92 million lower, primarily due to lower than expected demand for social assistance as a result of better than forecasted labour market conditions.
- **Justice sector** expense is projected to be \$313 million higher, primarily due to investments related to essential service delivery within courts, corrections and policing.
- **Other Programs** expense is projected to be a net \$384 million lower primarily due to the following key changes:
 - \$402 million in lower than forecasted spending for the Ministry of Energy, primarily due to lower costs of delivering electricity price relief programs, because of updated fuel forecasts and milder weather; and
 - \$121 million decrease in the Ministry of Transportation, primarily driven by timing changes in municipal transit infrastructure projects.
- **COVID-19 Time-Limited Funding** expense is projected to be \$86 million lower due to lower than required spending in various ministries.

Interest on debt expense is projected to be \$18 million lower due to slightly lower borrowing costs than estimated in the *2022–23 Third Quarter Finances*.

Prudence in 2022–23

The Contingency Fund is maintained to help mitigate expense risks that may adversely affect Ontario's fiscal performance. For the remainder of 2022–23, the Contingency Fund has a current remaining balance of \$1.75 billion, which is available to offset additional expenses that may materialize before the end of the fiscal year.

The *2022 Budget* included a reserve of \$1.0 billion in 2022–23, which was not required and has been drawn down at interim.

For the 2022–23 fiscal year, total COVID-19 Time-Limited Funding has decreased by \$86 million since the *2022–23 Third Quarter Finances* and is now projected to total \$7.8 billion.

Medium-Term Fiscal Plan

The government is projecting a deficit of \$1.3 billion in 2023–24, and surpluses of \$0.2 billion in 2024–25 and \$4.4 billion in 2025–26, a significant improvement from the *2022 Budget* deficit outlook.

Medium-Term Revenue Outlook

Total revenue is projected to increase from \$200.4 billion in 2022–23 to \$226.0 billion in 2025–26, for an average annual growth rate of 4.1 per cent.

Revenue growth reflects the Ontario Ministry of Finance's outlook for economic growth, based on private-sector forecasts.

Defining the Medium-Term Outlook

Medium term represents the *2023 Budget* projection for the Plan year (2023–24), or current year, and the following two fiscal years (2024–25 and 2025–26).

Table 3.5

Summary of Medium-Term Revenue Outlook

(\$ Billions)

	Actual	Interim ¹	Medium-Term Outlook		
	2021–22	2022–23	2023–24	2024–25	2025–26
Revenue					
Personal Income Tax	46.8	52.8	56.0	58.7	62.0
Sales Tax	30.4	35.9	35.4	36.8	38.6
Corporations Tax	25.2	27.9	24.7	25.9	28.2
Ontario Health Premium	4.4	4.7	4.9	5.1	5.3
Education Property Tax	5.7	5.8	5.7	5.7	5.8
All Other Taxes	19.2	17.6	17.6	19.8	20.6
Total Taxation Revenue	131.7	144.7	144.2	152.1	160.4
Government of Canada	30.6	31.3	34.8	35.1	37.1
Income from Government Business Enterprises	6.4	6.5	6.3	6.7	8.5
Other Non-Tax Revenue	16.3	18.0	19.0	19.2	20.0
Total Revenue	185.1	200.4	204.4	213.0	226.0

¹ Interim represents the *2023 Budget* projection for the 2022–23 fiscal year.

Note: Numbers may not add due to rounding.

Source: Ontario Ministry of Finance.

The primary driver of the forecast for **Personal Income Tax (PIT)** revenues is the outlook for growth in compensation of employees. Personal Income Tax revenue is projected to grow at an average annual rate of 5.5 per cent between 2022–23 and 2025–26.

The forecast for **Sales Tax (ST)** revenue is driven by the projection for household consumption spending. Average growth in ST revenue is 2.4 per cent between 2022–23 and 2025–26.

The forecast for **Corporations Tax (CT)** revenue is driven by the projection for net operating surplus of corporations. While CT revenue is projected to decline by 11.7 per cent in 2023–24 due to a slowdown in economic activity, CT revenue is projected to grow at an average annual rate of 6.8 per cent between 2023–24 and 2025–26.

The primary driver of the forecast for **Ontario Health Premium** revenue is the outlook for growth in compensation of employees. Ontario Health Premium revenue is projected to grow at an average annual rate of 4.4 per cent between 2022–23 and 2025–26.

Education Property Tax revenue is based primarily on the outlook for growth in the property assessment base resulting from new construction activities. Revenues are projected to remain relatively stable over the term of the outlook, with assessment growth largely offset by the impact of previously announced measures, including the reduction in Business Education Tax (BET) rates.

Revenues from **All Other Taxes** are projected to increase at an average annual rate of 5.5 per cent between 2022–23 and 2025–26. This includes revenues from the Employer Health Tax; Land Transfer Tax; Beer, Wine and Spirits Taxes; and volume-based taxes such as the Gasoline Tax, Fuel Tax and Tobacco Tax.

The forecast for **Government of Canada** transfers is largely based on existing federal–provincial funding agreements and formulas. Federal one-time transfers related to COVID-19 amounted to \$1.7 billion in 2022–23. Federal transfers are projected to increase at an average annual rate of 5.9 per cent between 2022–23 and 2025–26, which includes an estimated \$4.4 billion in new federal health funding over the medium term. The new federal health funding includes a one-time additional health care payment, time-limited funding for shared priorities and an enhancement of the Canada Health Transfer, in total representing an estimated \$1.8 billion in 2023–24, \$1.1 billion in 2024–25 and \$1.5 billion in 2025–26.

The outlook for **Income from Government Business Enterprises (GBEs)** is based on Ontario Ministry of Finance estimates of net income for Hydro One Ltd. (Hydro One) and projections provided by Ontario Power Generation (OPG), the Ontario Cannabis Store (OCS), the Liquor Control Board of Ontario (LCBO), and the Ontario Lottery and Gaming Corporation (OLG). Net incomes of GBEs are projected to increase at an average annual rate of 9.4 per cent from 2022–23 to 2025–26. The strong growth mainly reflects the anticipated increase in net income from OLG, OPG and Hydro One.

The forecast for **Other Non-Tax Revenue** is based on projections provided by government ministries and agencies. The outlook for Other Non-Tax Revenue is projected to increase at an average annual rate of 3.6 per cent from 2022–23 to 2025–26 largely due to the increase in third-party revenues from hospitals, school boards and colleges that are recognized in Ontario's financial statements. It also reflects new revenue streams from newly consolidated agencies and higher revenue from existing ones, reflecting continued recovery from the COVID-19 pandemic.

Risks to the Revenue Outlook

There are a variety of risks to the economic planning assumptions underlying the revenue forecast, as outlined in Chapter 2: *Economic Performance and Outlook*. Table 3.6 highlights some of the key risks and sensitivities to the 2023–24 revenue forecast that could arise from unexpected changes in economic conditions. These are only estimates; actual results can vary. The risks identified are based on factors that are considered to have the most material impact on the largest revenue sources.

Table 3.6

Selected Economic and Revenue Sensitivities

Economic Factors	Revenue Sources	2023–24 Sensitivities
Nominal GDP	Total Taxation Revenue	\$1,295 million revenue change for each percentage point change in nominal GDP growth. This can vary significantly, depending on the composition and source of changes in GDP growth.
Compensation of Employees	Personal Income Tax; Ontario Health Premium; and Employer Health Tax	\$876 million revenue change for each percentage point change in growth in compensation of employees.
Household Consumption Expenditures	Sales Tax	\$257 million revenue change for each percentage point change in growth of household consumption expenditures.
Net Operating Surplus of Corporations	Corporations Tax	\$236 million revenue change for each percentage point change in growth in net operating surplus of corporations.
Housing Resales and Resale Prices	Land Transfer Tax	\$42 million revenue change for each percentage point change in growth of either housing resales or resale prices.
Ontario Population Share	Canada Health Transfer	\$49 million revenue change for each one-tenth of a percentage point change in Ontario's population share.
Ontario Population Share	Canada Social Transfer	\$16 million revenue change for each one-tenth of a percentage point change in Ontario's population share.

Source: Ontario Ministry of Finance.

Revenue Outlook Scenarios

To illustrate the potential impacts of elevated economic uncertainty, the Ontario Ministry of Finance has developed two alternative scenarios that the economy could take over the next several years (see Chapter 2: *Economic Performance and Outlook* for more details). Based on the two alternative nominal GDP growth economic scenarios, two taxation revenue outlook scenarios were developed. The Faster Growth and Slower Growth scenarios each represent a potential path intended to illustrate a broader range of possible outcomes depending on the pace of economic growth, but neither should be considered as the best case or the worst case.

Table 3.7
Ontario's Taxation Revenue Scenarios

(\$ Billions)	2023–24p	2024–25p	2025–26p
Faster Growth Scenario	149.8	160.3	171.1
Planning Projection	144.2	152.1	160.4
Slower Growth Scenario	140.6	146.3	152.8

p = Ontario Ministry of Finance Planning Projection and alternative scenarios.

Note: Numbers may not add due to rounding.

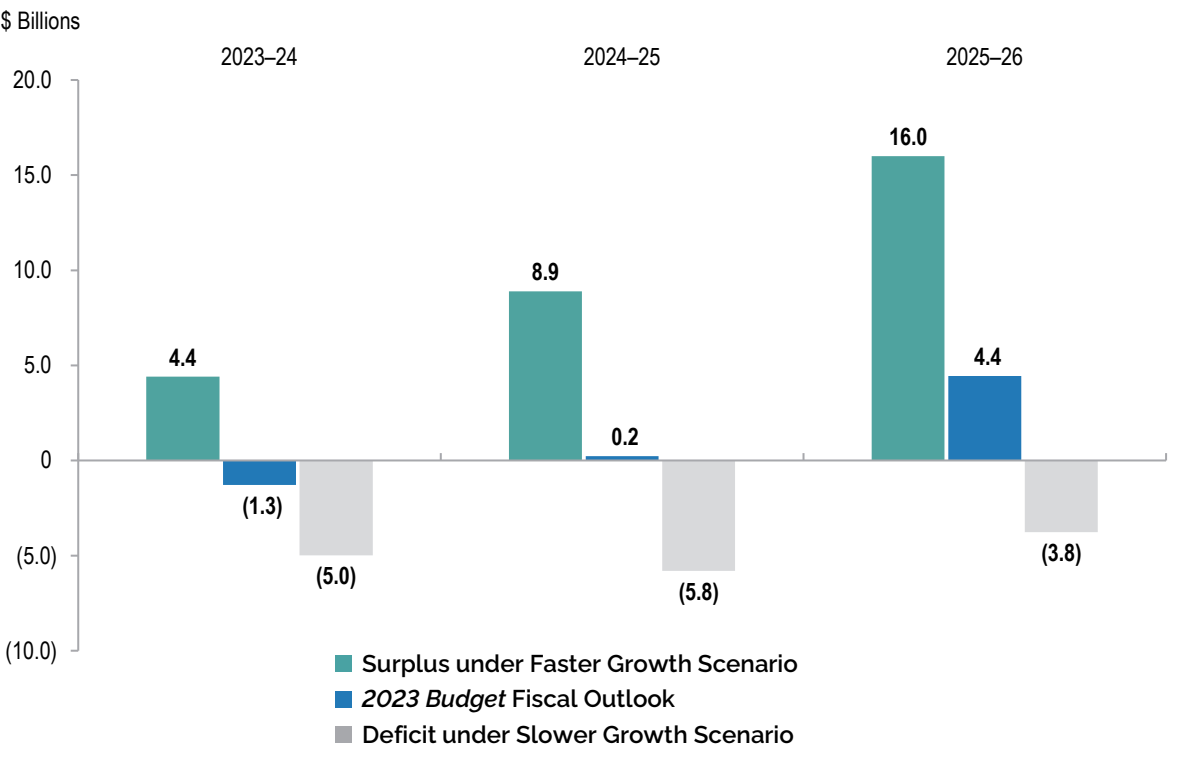
Source: Ontario Ministry of Finance.

In the Faster Growth scenario, total taxation revenue over the medium term is \$10.7 billion higher in 2025–26 than the Planning Projection, while in the Slower Growth scenario, total taxation revenue is \$7.6 billion lower.

Under the Faster Growth scenario, the surplus outlook would improve to \$4.4 billion in 2023–24, \$8.9 billion in 2024–25 and \$16.0 billion in 2025–26. However, if the Slower Growth scenario materializes, the deficit outlook would deteriorate to \$5.0 billion in 2023–24, \$5.8 billion in 2024–25 and \$3.8 billion in 2025–26.

Note that in these alternative outlook scenarios, program expenses are assumed to be unchanged compared to the medium-term expense outlook and only revenue and interest on debt are adjusted.

Chart 3.2
Ontario Medium-Term Outlook Based on Alternative Scenarios



Source: Ontario Ministry of Finance.

Medium-Term Expense Outlook

The total expense outlook is projected to grow from \$202.6 billion in 2022–23 to \$217.5 billion in 2025–26.

Total program expense is projected to grow from \$189.1 billion in 2022–23 to \$202.5 billion in 2025–26, representing an annual average increase of 2.3 per cent. Base program expense is projected to increase by \$27.4 billion over the same period, representing an annual average increase of 5.0 per cent.

Table 3.8
Summary of Medium-Term Expense Outlook

(\$ Billions)

	Actual	Interim ¹	Medium-Term Outlook		
	2021–22	2022–23	2023–24	2024–25	2025–26
Base Programs²					
Health Sector	69.6	74.9	81.0	84.2	87.6
Education Sector ³	28.8	32.4	34.7	36.1	37.5
Postsecondary Education Sector	10.5	11.3	12.1	12.5	12.9
Children, Community and Social Services Sector	16.8	18.4	19.4	19.8	19.9
Justice Sector	4.7	5.5	5.4	5.4	5.3
Other Programs	29.2	32.6	38.1	38.4	39.3
Total Base Programs	159.6	175.1	190.6	196.4	202.5
COVID-19 Time-Limited Funding	10.9	7.8	–	–	–
Other One-Time Expenses	–	6.3	–	–	–
Total Programs	170.4	189.1	190.6	196.4	202.5
Interest on Debt	12.6	13.4	14.1	14.4	15.1
Total Expense	183.0	202.6	204.7	210.8	217.5

¹ Interim represents the 2023 Budget projection for the 2022–23 fiscal year.

² For presentation purposes in the 2023 Budget, one-time COVID-19-related spending in 2021–22 and 2022–23 has been included within COVID-19 Time-Limited Funding.

³ Excludes Teachers' Pension Plan. Teachers' Pension Plan expense is included in Other Programs.

Note: Numbers may not add due to rounding.

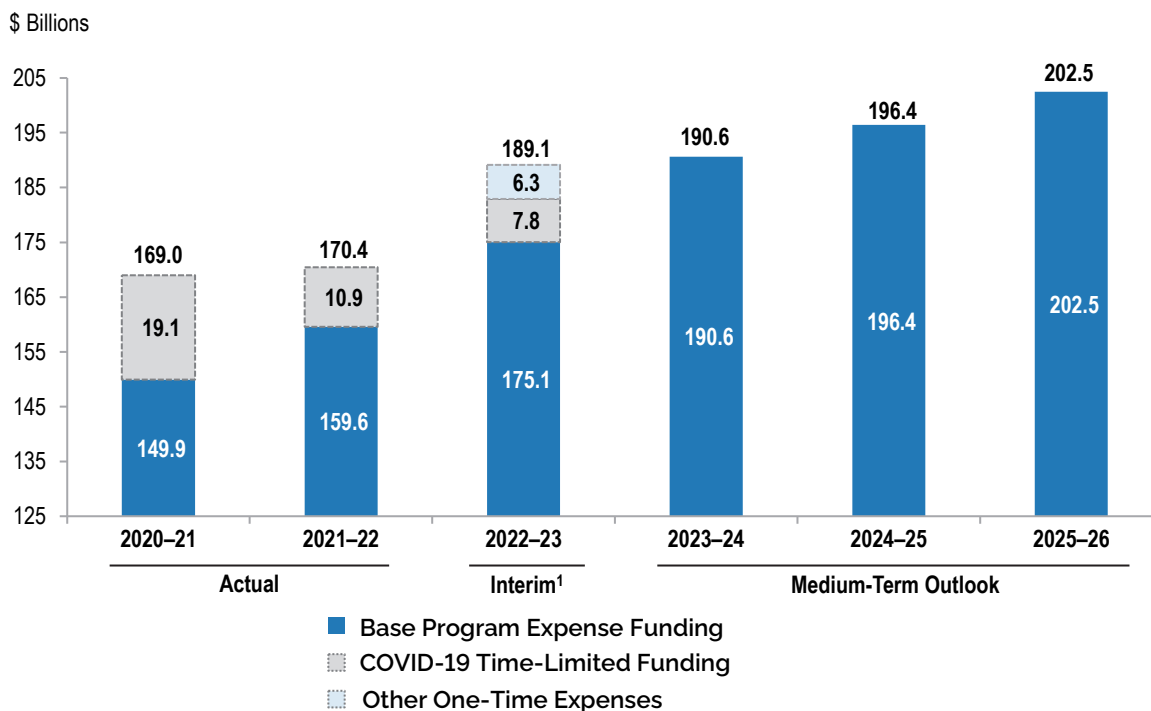
Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

The government has made available COVID-19 Time-Limited Funding during the pandemic, including \$7.8 billion in 2022–23. This funding will no longer be reported separately, starting in 2023–24. Additionally, in 2022–23, there are other significant one-time expenses of \$6.3 billion projected, including for costs associated with ongoing land and land-related claims with Indigenous communities, where Ontario is in active negotiations, or claims are accepted for negotiation or are under review¹. These one-time expenses are broken out to provide greater transparency regarding their temporary nature.

¹ Potential liability for these claims is recorded if the settlement of the claim is assessed as likely and the amount of the settlement can be reasonably estimated.

In addition to these temporary initiatives, the government continues to invest in programs that serve the people of Ontario. Over the medium-term outlook, base program expense is projected to increase every year, growing at an average annual rate of 5.0 per cent from 2022–23 to 2025–26.

Chart 3.3
Program Expense Growth



¹ Interim represents the 2023 Budget projection for the 2022–23 fiscal year.

Note: Numbers may not add due to rounding.

Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

Highlights of the changes to the program expense outlook over the medium term include the following:

- Base **Health sector** expense is projected to increase from \$74.9 billion in 2022–23 to \$87.6 billion in 2025–26 — representing 5.4 per cent average annual growth over the period. The growth is primarily due to investments to:
 - Address the growing demands in the health sector, including funding for hospitals and cancer treatment services to respond to Ontario's aging and growing population, and provide stability;
 - Support health human resources initiatives to optimize the existing workforce and recruit and retain health care providers;
 - Enhance emergency health services by reducing wait times;
 - Improve and reform the home and community care sector; and

- Support mental health and addictions services through the *Roadmap to Wellness: A Plan to Build Ontario's Mental Health and Addictions System*.
- Base **Education sector** expense is projected to increase from \$32.4 billion in 2022–23 to \$37.5 billion in 2025–26 — representing 5.0 per cent average annual growth over the period. Key investments include:
 - Helping students catch up on learning through reading and math programs and modernizing the school curriculum;
 - Funding to support enrolment growth and commitments consistent with labour agreements reached; and
 - Funding to continue the implementation of the Canada-wide Early Learning and Child Care Agreement to reduce average out-of-pocket child care fees and enhance access to child care.
- Base **Postsecondary Education sector** expense is projected to increase from \$11.3 billion in 2022–23 to \$12.9 billion in 2025–26 — representing 4.5 per cent average annual growth over the period. This is mainly due to:
 - Higher college sector spending from increased on-campus activities following the easing of public health restrictions;
 - Investments of over \$428 million to support Health Human Resources needs including clinical education for nursing-related programs and expanding the number of medical school seats. The government is also providing supports through the Ontario Learn and Stay Grant; and
 - Investments in research and innovation to support productivity and economic growth, such as for the Sudbury Neutrino Observatory (SNOLAB), creating a Centre for Analytics at the Ontario Brain Institute and expanding the McMaster Nuclear Reactor.
- Base **Children, Community and Social Services sector** expense is projected to increase from \$18.4 billion in 2022–23 to \$19.9 billion in 2025–26 — representing 2.7 per cent average annual growth over the period. This is mainly due to:
 - \$1.4 billion over three years to annually adjust to inflation the core allowances for the Ontario Disability Support Program and the maximum monthly amount for the Assistance for Children with Severe Disabilities Program, starting in July 2023; and
 - \$170 million over three years to support a new program for youth leaving the child welfare system aimed at improving their long-term outcomes and financial independence.

- Base **Justice sector** expense is projected to decrease from \$5.5 billion in 2022–23 to \$5.3 billion in 2025–26. This is primarily due to obligations under the *Crown Liability and Proceedings Act, 2019* in 2022–23, which are recorded annually and are not included in forecasted expenses beyond 2022–23. The government continues to make investments in the Justice sector for key initiatives such as the Guns, Gangs and Violence Reduction Strategy in order to protect public safety.
- Base **Other Programs** expense is projected to increase from \$32.6 billion in 2022–23 to \$39.3 billion in 2025–26. Key changes include:
 - \$3.5 billion over three years, beginning in 2023–24, as part of the government's multi-year commitment to improve access to high-speed internet for every community across Ontario by the end of 2025;
 - \$202 million per year starting in 2023–24 for the Homelessness Prevention Program and Indigenous Supportive Housing Program to help prevent and address homelessness;
 - \$224 million in 2023–24 to support the development and expansion of brick-and-mortar training centres to train more workers for careers in the skilled trades and other in-demand jobs through the Skills Development Fund — Capital Stream;
 - \$110 million over three years, beginning in 2023–24, to improve emergency readiness and enhance Ontario's capacity to respond to emergencies; and
 - Adequate Contingency Funds to help address emerging needs and risks through the medium-term planning horizon.

The total expense outlook includes **Interest on Debt** expense, which is projected to increase from \$13.4 billion in 2022–23 to \$15.1 billion in 2025–26.

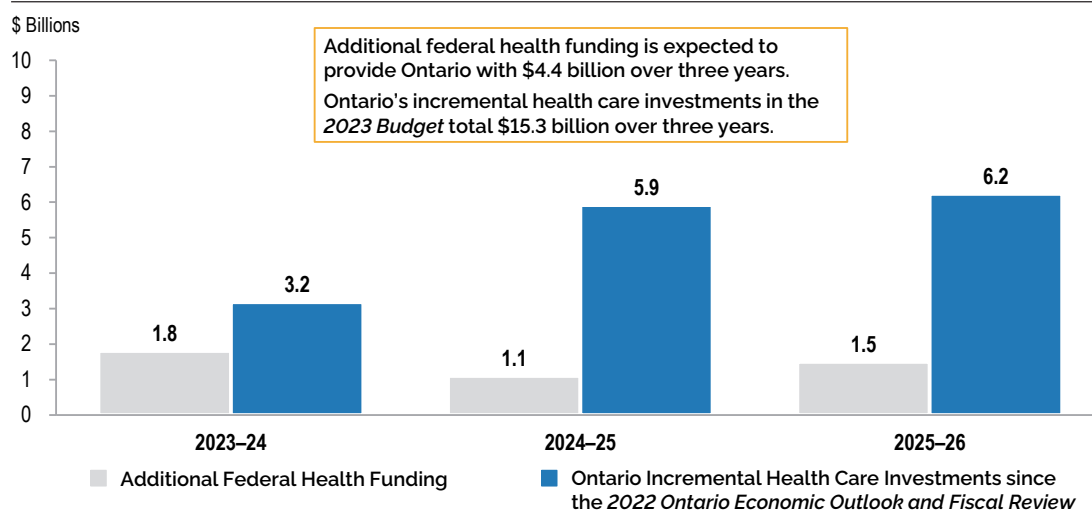
Advocating for a Flexible, Adequate, Fair and Sustainable Transfer System

Effective federal–provincial fiscal transfers are a key factor in Ontario's long-term fiscal sustainability. In the past year, Ontario has engaged with the Government of Canada on a number of significant federal–provincial transfer agreements. Ontario continues to be a leader in advocating for a principle-based transfer system that is flexible, adequate, fair and sustainable in the long term, and that respects provincial jurisdiction.

Recently, the Government of Canada and the provinces and territories agreed on a framework to provide a modest enhancement to federal health funding. This represents a down payment from the Government of Canada that will help support the work Ontario is doing to transform the health care system, but Ontario's incremental investments in health care in the *2023 Budget* far exceed the additional federal health funding. The long-term pressures facing the health system continue to be a significant challenge to all provinces and territories, and Ontario will continue to advocate for sustainable federal support for health care in the years to come.

Ontario also continues to call on the Government of Canada to engage with provinces and territories in the near term to renew other fiscal arrangements. This includes modernization of and maintaining the top-up funding for the Labour Market Transfer Agreements (LMTAs) and renewal of federal infrastructure transfers in order to ensure continued federal support for the province's ongoing critical investments to build Ontario.

Chart 3.4
Additional Federal Health Funding to Ontario



Note: The new federal health funding includes a one-time additional health care payment, time-limited funding for shared priorities and an enhancement of the Canada Health Transfer. Funding under existing Canada-Ontario agreements is not included (i.e., 10-year agreement on shared health priorities, including Home and Community Care and Mental Health and Addictions). All federal health funding amounts are notional and estimated based on population and nominal GDP forecasts, which are subject to change.

Source: Department of Finance Canada and Ontario Ministry of Finance.

Prudence Built into the Medium-Term Outlook

In keeping with sound fiscal planning practices, Ontario's revenue outlook is based on prudent economic planning projections, as discussed in Chapter 2: *Economic Performance and Outlook*. Three external economic experts reviewed the Ontario Ministry of Finance's economic assumptions and found them to be reasonable.²

Ontario incorporates prudence in the form of a reserve to protect the fiscal outlook against unforeseen adverse changes in the province's revenue and expense, including those resulting from changes in Ontario's economic performance. The reserve has been set at \$1.0 billion in 2023–24, \$2.0 billion in 2024–25 and \$4.0 billion in 2025–26. These increases reflect Ontario's commitment to maintaining a prudent and flexible fiscal plan that can respond to elevated economic uncertainty, notably higher levels of inflation and the impact of higher interest rates on the economy.

In addition, the Contingency Fund is maintained to help mitigate expense risks that may adversely affect Ontario's fiscal performance. The Contingency Fund in 2023–24 is set at \$4.0 billion, reflecting the government's cautious, prudent and responsible fiscal planning.

² The three experts are from the Policy and Economic Analysis Program at the University of Toronto; Quantitative Economic Decisions, Inc.; and Stokes Economic Consulting, Inc.

Risks to the Expense Outlook

Table 3.9 provides a summary of key expense risks and sensitivities that could result from unexpected changes in economic conditions and program demands. A change in these factors could affect total expense and the public sector, causing variances in the overall fiscal forecast. These sensitivities illustrate possible effects on the government's key programs and can vary, depending on the nature and composition of potential risks.

Table 3.9
Selected Expense Sensitivities

Program/Sector	2023–24 Assumption	2023–24 Sensitivities
Hospital Costs (base) ¹	Annual growth of 4.0 per cent	One per cent change in hospital costs: \$238.3 million
COVID-19 Testing	Cost per additional 10,000 diagnostic tests/day (lab processing)	Additional 10,000 COVID-19 diagnostic tests: \$0.52 million/day ²
Ontario Health Insurance Plan (OHIP) (base)	Annual growth of 5.3 per cent	One per cent change in OHIP expense: \$182.0 million
Home Care ³	Approximately 36.8 million hours of personal support services	One per cent change in hours of personal support services: approximately \$17.8 million
	Approximately 9.1 million nursing and therapy visits and 1.3 million nursing shifts	One per cent change in all nursing and therapy visits: approximately \$11.2 million
Elementary and Secondary Schools	Approximately 2,037 million average daily pupil enrolment	One per cent enrolment change: approximately \$175 million
Ontario Works	235,777 average annual caseload	One per cent caseload change: approximately \$28 million
Ontario Disability Support Program	387,538 average annual caseload	One per cent caseload change: approximately \$63 million
Interest on Debt	Average cost of borrowing in 2023–24 is forecast to be 4.60 per cent	In the first full year, the impact of a 100 basis-point change in borrowing rates: approximately \$600 million

¹ Hospital costs are based on hospital operating transfer payments and exclude one-time funding for COVID-19 and consolidations.

² Estimated cost per day is based on an average of \$51.80 per test for tests conducted by the diagnostic lab network (lab processing only). Tests processed outside of the network are more expensive on a per-test basis.

³ Home Care statistics are based on a combination of 2021–22 and 2022–23 data and estimates.

Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

Transparency and Risks

The government continues to be transparent about the state of Ontario's finances. This principle is reflected in the *Fiscal Sustainability, Transparency and Accountability Act, 2019*, which stipulates that Ontario's fiscal policy should be clearly articulated and information about it should be readily available to the public without charge.

To ensure a reasonable and prudent economic forecast, the government's key economic planning projections are set below the average of private-sector forecasts in each year. While the planning assumptions for economic growth are reasonable and prudent, the Ontario Ministry of Finance has also developed Faster Growth and Slower Growth scenarios to provide greater transparency around the province's economic outlook amid heightened economic uncertainty.

As a matter of transparent fiscal management, financial pressures are monitored throughout the fiscal year by the Ontario Treasury Board Secretariat, with the goal of ensuring that robust and prudent methodologies are used to develop forecasts. Other important risk management tools include closely tracking the pace of implementation of initiatives and proactively identifying emerging program and policy risks. Comprehensive analysis of known pressures informs the fiscal planning processes, including the development of plans to mitigate and manage fiscal pressures, as well as maintaining adequate contingencies as part of the medium-term fiscal projections.

In addition to the key demand sensitivities and economic risks to the fiscal plan, there are risks stemming from the government's contingent liabilities. Whether future events will result in actual liabilities for the province is beyond the direct control of the government. For example, losses could result from legal settlements, a call on a loan, or funding guarantees. While a Contingency Fund is included in the fiscal plan to help mitigate expense risks, until there exists certainty around the likelihood and costs of these future events, these risks are not included in the province's fiscal plan. Provisions for losses that are likely to occur and can be reasonably estimated are expensed and reported as liabilities in Ontario's financial statements. Any significant contingent liabilities related to the 2022–23 fiscal year will be disclosed as part of the *Public Accounts of Ontario 2022–2023*, to be released later this year.

New Accounting Standards

The Public Sector Accounting Board (PSAB) has issued several changes to its standards for government financial reporting, including accounting for revenue, public-private partnerships, and purchased intangibles, which will impact the *Public Accounts of Ontario 2023–2024*. Where reasonably determinable, the government has included the estimated impact from the PSAB standards in this Budget.

Revenue

Section PS 3400, Revenue (PS 3400) provides guidance on the accounting and reporting for common types of revenue, except for government transfers, tax revenue, externally restricted revenues, investment income and income from government business enterprises/partnerships. It identifies two types of revenue transactions: exchange and non-exchange. Revenues from exchange transactions are recognized when or as the public-sector entities satisfy their performance obligation. In contrast, revenues from non-exchange transactions are recognized when the public-sector entities have authority to claim the revenue, and a past event giving rise to the claim has occurred. Previously, revenues were recognized in the fiscal year in which the events giving rise to the revenues occurred.

The adjustment on adoption of PS 3400 will have a favourable impact on both net debt and accumulated deficit for the province. Revenue streams requiring a change in the timing of revenue recognition have currently been identified and an estimate of the adjustment as a result of the transition to PS 3400 has been determined.

Public Private Partnerships

The Public Private Partnerships standard (PS 3160) provides guidance on the accounting and reporting for the assets procured via public private partnerships (P3), as well as any associated liabilities. P3s are arrangements where a private-sector partner is used to procure and finance infrastructure assets.

Ontario has identified and developed estimates for any P3 assets and liabilities that require recognition or measurement adjustments.

Purchased Intangible Assets

Amendments to Financial Statement Concepts (Section PS 1000) and Financial Statement Presentation (Section PS 1201) and new Public Sector Guideline (PSG) 8 (Purchased Intangible Assets) require purchased intangible assets to be capitalized. Purchased intangible assets are non-financial assets lacking physical substance that are purchased through an arm's-length exchange transaction. The new requirements are being adopted by the province of Ontario on a prospective basis, meaning only intangible assets purchased on a go-forward basis are to be capitalized and amortized.

Details of Ontario's Finances

Table 3.10

Total Revenue

(\$ Millions)

	Actual 2020–21	Actual 2021–22	Interim ¹ 2022–23	Plan 2023–24
Taxation Revenue				
Personal Income Tax	40,333	46,750	52,841	55,982
Sales Taxes	26,576	30,357	35,860	35,350
Corporations Tax	17,775	25,227	27,928	24,668
Education Property Tax	6,040	5,713	5,804	5,725
Employer Health Tax	6,537	7,223	7,828	8,215
Ontario Health Premium	4,330	4,414	4,663	4,896
Gasoline Tax	1,898	2,202	2,030	2,222
Land Transfer Tax	3,698	5,827	4,150	3,529
Tobacco Tax	1,099	927	874	840
Fuel Tax	686	771	586	635
Beer, Wine and Spirits Taxes	624	624	626	617
Electricity Payments in Lieu of Taxes	563	666	547	538
Ontario Portion of the Federal Cannabis Excise Duty	106	215	253	269
Other Taxes	619	759	665	735
	110,884	131,675	144,657	144,222
Government of Canada				
Canada Health Transfer	16,206	16,731	17,524	19,218
Canada Social Transfer	5,815	6,003	6,178	6,384
Equalization	–	–	–	421
Infrastructure Programs	769	562	863	1,206
Labour Market Programs	1,323	1,476	1,180	931
Social Housing Agreement	338	305	263	218
Other Federal Payments	9,014	5,091	4,728	5,996
Direct Transfers to Broader Public Sector Organizations	459	439	522	470
	33,924	30,607	31,259	34,844
Income from Government Business Enterprises				
Liquor Control Board of Ontario	2,539	2,543	2,441	2,452
Ontario Power Generation Inc./Hydro One Ltd.	2,044	2,151	1,460	1,126
Ontario Lottery and Gaming Corporation	359	1,561	2,384	2,574
Ontario Cannabis Store	67	186	225	194
	5,009	6,441	6,510	6,345

continued...

Table 3.10

Total Revenue (continued)

(\$ Millions)

	Actual 2020–21	Actual 2021–22	Interim¹ 2022–23	Plan 2023–24
Other Non-Tax Revenue				
Fees, Donations and Other Revenues from Hospitals, School Boards and Colleges	7,790	9,688	10,385	11,104
Vehicle and Driver Registration Fees ²	1,952	33	1,208	1,131
Miscellaneous Other Non-Tax Revenue	1,857	2,625	1,900	1,943
Other Fees and Licences	1,017	1,174	1,403	1,518
Sales and Rentals	680	1,046	1,630	1,847
Reimbursements	1,277	1,233	1,039	1,048
Royalties	359	468	364	322
Power Supply Contract Recoveries	116	67	46	43
Net Reduction of Power Purchase Contracts	28	5	–	–
	15,076	16,339	17,976	18,956
Total Revenue	164,893	185,062	200,402	204,367

¹ Interim represents the 2023 Budget projection for the 2022–23 fiscal year.² Vehicle and Driver Registration Fees in 2021–22 reflect the elimination and rebate of eligible licence plate renewal fees paid since March 1, 2020.

Note: Numbers may not add due to rounding.

Source: Ontario Ministry of Finance.

Table 3.11
Total Expense^{1,2}

(\$ Millions)

	Actual 2020–21	Actual 2021–22	Interim ³ 2022–23	Plan 2023–24
Ministry Expense				
Agriculture, Food and Rural Affairs (Base)	288	283	312	350.3
Demand-Driven Risk Management and Time-Limited Programs	458	358	532	472.1
COVID-19 Time-Limited Funding ⁴	41	32	30	–
Agriculture, Food and Rural Affairs (Total)	787	674	874	822.4
Attorney General (Base)	1,523	1,622	1,869	1,919.2
Statutory Appropriations — <i>Crown Liability and Proceedings Act, 2019</i>	60	49	101	–
One-Time Accounting Adjustment for the Victim Fine Surcharges Program	196	–	–	–
COVID-19 Time-Limited Funding ⁴	71	145	–	–
Attorney General (Total)	1,850	1,816	1,970	1,919.2
Board of Internal Economy (Base)	248	283	305	304.8
Provision for the Costs of General Election	–	–	100	–
COVID-19 Time-Limited Funding ⁴	0	2	–	–
Board of Internal Economy (Total)	248	284	405	304.8
Children, Community and Social Services (Base)	16,994	16,777	18,380	19,360.8
COVID-19 Time-Limited Funding ⁴	440	293	23	–
Children, Community and Social Services (Total)	17,433	17,071	18,403	19,360.8
Citizenship and Multiculturalism (Base)	23	33	58	64.1
COVID-19 Time-Limited Funding ⁴	–	3	3	–
Citizenship and Multiculturalism (Total)	23	36	60	64.1
Colleges and Universities (Base)	8,767	9,539	10,243	10,757.2
Student Financial Assistance	766	954	1,091	1,357.7
COVID-19 Time-Limited Funding ⁴	292	117	11	–
Colleges and Universities (Total)	9,826	10,610	11,345	12,114.8
Economic Development, Job Creation and Trade (Base)	162	164	165	188.9
Tax Credits for Research and Development and Regional Investment ⁵	218	304	321	299.2
Ontario Made Manufacturing Investment Tax Credit	–	–	–	215.0
Time-Limited Investments	187	157	503	606.8
Bad Debt Expense	211	–	–	–
COVID-19 Time-Limited Funding ⁴	3,106	360	46	–
Economic Development, Job Creation and Trade (Total)	3,885	985	1,035	1,309.8
Education (Base)	28,389	28,837	32,394	34,712.1
Teachers' Pension Plan	1,607	1,610	1,662	1,711.0
COVID-19 Time-Limited Funding ⁴	2,885	1,060	969	–
Education (Total)	32,881	31,507	35,025	36,423.1
Energy (Base)	229	240	254	281.8
Electricity Cost-Relief Programs	5,539	6,313	5,946	6,516.8
COVID-19 Time-Limited Funding ⁴	906	274	–	–
Energy (Total)	6,674	6,827	6,199	6,798.6
Environment, Conservation and Parks (Base)	632	687	725	782.6
COVID-19 Time-Limited Funding ⁴	3	16	17	–
Environment, Conservation and Parks (Total)	635	703	742	782.6

continued...

Table 3.11

Total Expense^{1,2} (continued)

(\$ Millions)

	Actual 2020–21	Actual 2021–22	Interim ³ 2022–23	Plan 2023–24
Ministry Expense				
Executive Offices (Base)	45	49	55	60.8
Time-Limited Assistance	2	–	–	–
COVID-19 Time-Limited Funding ⁴	6	2	–	–
Executive Offices (Total)	53	51	55	60.8
Finance (Base)	703	751	908	1,006.0
Investment Management Corporation of Ontario ⁶	128	210	259	298.8
Ontario Municipal Partnership Fund	502	502	502	501.9
Temporary and Other Local Assistance	21	21	21	81.0
Power Supply Contract Costs	116	67	46	42.9
COVID-19 Time-Limited Funding ⁴	440	231	–	–
Finance (Total)	1,909	1,781	1,736	1,930.6
Francophone Affairs (Base)	5	7	7	7.7
Time-Limited Investments	–	–	1	–
COVID-19 Time-Limited Funding ⁴	1	2	–	–
Francophone Affairs (Total)	6	9	8	7.7
Health (Total)⁷	59,878	64,269	68,368	72,709.6
COVID-19 Health Response⁸	5,082	6,167	4,922	–
Indigenous Affairs (Base)	64	85	120	133.2
One-Time Investments Including Settlements	149	152	5,025	–
COVID-19 Time-Limited Funding ⁴	42	4	–	–
Indigenous Affairs (Total)	256	241	5,145	133.2
Infrastructure (Base)	171	163	304	601.8
Federal–Provincial Infrastructure Programs	161	267	365	492.2
Broadband	67	75	179	783.2
Waterfront Toronto Revitalization (Port Lands Flood Protection)	103	156	25	–
Municipal Infrastructure Program Investments	197	399	396	398.4
Realty	1,099	1,156	1,172	1,194.3
COVID-19 Time-Limited Funding ⁴	9	10	–	–
Infrastructure (Total)	1,807	2,226	2,442	3,469.8
Labour, Immigration, Training and Skills Development (Base)	170	102	243	236.4
Training Tax Credits (Co-operative Education and Apprenticeship Training) ⁹	98	105	68	93.5
Demand-Driven Employment and Training Programs	1,173	955	1,224	1,454.2
COVID-19 Time-Limited Funding ⁴	33	794	475	–
Labour, Immigration, Training and Skills Development (Total)	1,473	1,957	2,009	1,784.1
Long-Term Care (Total)¹⁰	4,514	5,300	6,513	8,299.7
Mines (Base)	85	135	163	172.3
One-Time Accounting Adjustment for Contaminated Sites	–	183	100	–
COVID-19 Time-Limited Funding ⁴	0	–	–	–
Mines (Total)	86	318	263	172.3

continued...

Table 3.11

Total Expense^{1,2} (continued)

(\$ Millions)

	Actual 2020–21	Actual 2021–22	Interim ³ 2022–23	Plan 2023–24
Ministry Expense				
Municipal Affairs and Housing (Base)	485	486	553	767.5
Time-Limited Investments	224	351	415	480.0
Social Housing Agreement — Payments to Service Managers ¹¹	313	281	210	198.2
COVID-19 Time-Limited Funding ⁴	2,707	330	391	—
Municipal Affairs and Housing (Total)	3,729	1,447	1,570	1,445.6
Natural Resources and Forestry (Base)	505	607	612	688.3
Emergency Forest Firefighting	115	237	100	135.0
One-Time Accounting Adjustment for Landfills	202	—	—	—
COVID-19 Time-Limited Funding ⁴	13	12	—	—
Natural Resources and Forestry (Total)	835	857	712	823.2
Northern Development (Base)	583	605	687	725.3
COVID-19 Time-Limited Funding ⁴	0	41	—	—
Northern Development (Total)	583	646	687	725.3
Public and Business Service Delivery (Base)	549	629	1,211	1,130.6
COVID-19 Time-Limited Funding ⁴	414	141	89	—
Public and Business Service Delivery (Total)	963	770	1,300	1,130.6
Seniors and Accessibility (Base)	55	53	63	64.9
Time-Limited Investments	—	—	1	—
Seniors Tax Credits (Home Safety and Care at Home) ¹²	10	30	164	120.0
COVID-19 Time-Limited Funding ⁴	151	43	15	—
Seniors and Accessibility (Total)	216	127	243	184.9
Solicitor General (Base)	2,807	2,981	3,529	3,431.1
COVID-19 Time-Limited Funding ⁴	94	150	2	—
Solicitor General (Total)	2,901	3,131	3,531	3,431.1
Tourism, Culture and Sport (Base)	691	858	843	840.2
Ontario Cultural Media Tax Credits	512	693	833	906.1
Ontario Cultural Media Tax Credits — Amounts Related to Prior Years	65	84	51	—
COVID-19 Time-Limited Funding ⁴	120	257	200	—
Tourism, Culture and Sport (Total)	1,388	1,893	1,927	1,746.3
Transportation (Base)	4,646	5,172	6,066	6,179.5
Federal–Provincial Infrastructure Programs	449	231	353	729.2
COVID-19 Time-Limited Funding ⁴	2,188	369	585	—
Transportation (Total)	7,283	5,773	7,004	6,908.7

continued...

Table 3.11

Total Expense^{1,2} (continued)

(\$ Millions)

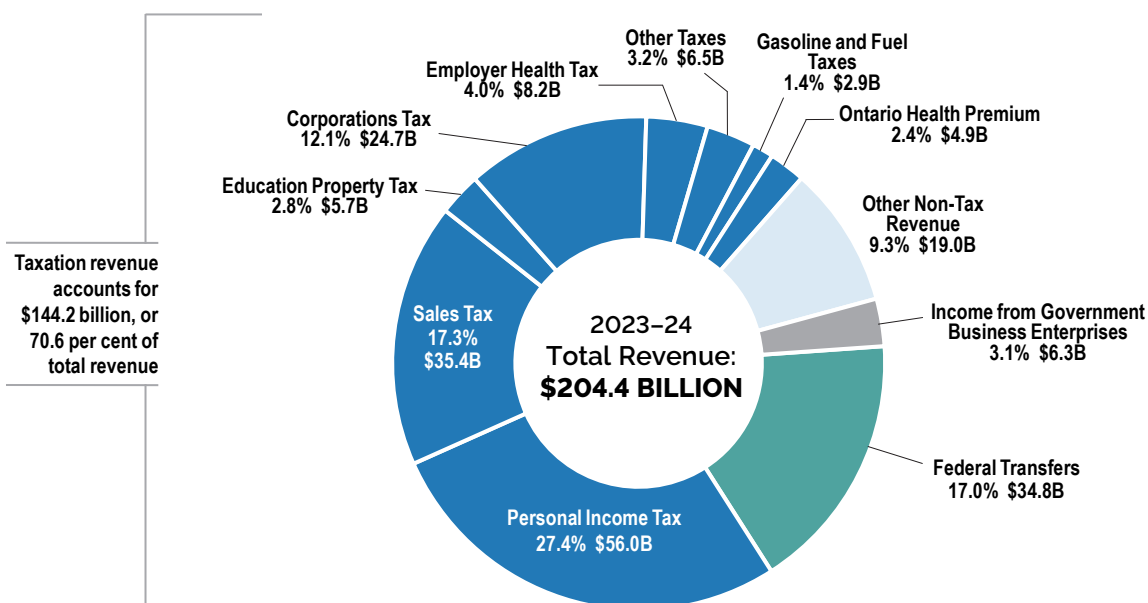
	Actual 2020–21	Actual 2021–22	Interim ³ 2022–23	Plan 2023–24
Ministry Expense				
Treasury Board Secretariat (Base)	296	315	366	497.4
Employee and Pensioner Benefits	1,485	2,633	1,286	1,260.7
One-Time Investments	–	–	1,250	–
Operating Contingency Fund	–	–	1,653	3,893.7
Capital Contingency Fund	–	–	97	106.3
COVID-19 Time-Limited Funding ⁴	3	2	1	–
Treasury Board Secretariat (Total)	1,784	2,950	4,654	5,758.1
Interest on Debt¹³	12,308	12,587	13,424	14,058.0
Total Expense	181,297	183,011	202,572	204,680.0

¹ Numbers reflect current ministry structure.² Ministry expenses have been restated for reclassification and program transfer changes. These changes are fiscally neutral. The actual results are presented on a similar basis for consistency.³ Interim represents the 2023 Budget projection for the 2022–23 fiscal year.⁴ In the 2021 Budget, the government made available COVID-19 Time-Limited Funding. This funding will no longer be reported separately, starting 2023–24.⁵ Includes the estimated cost of tax credit claims for the Ontario Innovation Tax Credit, Ontario Business-Research Institute Tax Credit and the Regional Opportunities Investment Tax Credit (ROITC). Figures from 2020–21 to 2022–23 include tax credit amounts related to prior years, except for the ROITC in 2020–21. \$35 million in 2022–23 was previously shown under COVID-19 Time-Limited Funding.⁶ Based on the requirements of Public Sector Accounting Standards, the government consolidates the Investment Management Corporation of Ontario into the Ontario Ministry of Finance.⁷ Includes accounting adjustments tied primarily to grants provided for infrastructure projects and other related investments.⁸ For presentation purposes in the 2023 Budget, Time-Limited COVID-19-related health response spending has been included separately for 2020–21 to 2022–23, instead of within the Ontario Ministry of Health and Ontario Ministry of Long-Term Care.⁹ The Co-operative Education Tax Credit remains in effect. The Apprenticeship Training Tax Credit is eliminated for eligible apprenticeship programs that commenced on or after November 15, 2017. Amounts from 2020–21 to 2022–23 include tax credit amounts related to prior years.¹⁰ The Ontario Ministry of Long-Term Care total includes expenses incurred by Ontario Health for funding for long-term care. These amounts will be consolidated in the total expense of the Ontario Ministry of Health, including \$4.5 billion for interim 2022–23 and \$5.2 billion in 2023–24.¹¹ The annual decline from 2020–21 to 2023–24 is mainly due to declining federal obligations, such as maturing mortgages, under the Social Housing Agreement.¹² \$25 million of Seniors Tax Credits in 2022–23 was previously shown under COVID-19 Time-Limited Funding.¹³ Interest on debt is net of interest capitalized during construction of tangible capital assets of \$321 million in 2021–22, \$479 million in 2022–23 and \$573 million in 2023–24.

Note: Numbers may not add due to rounding.

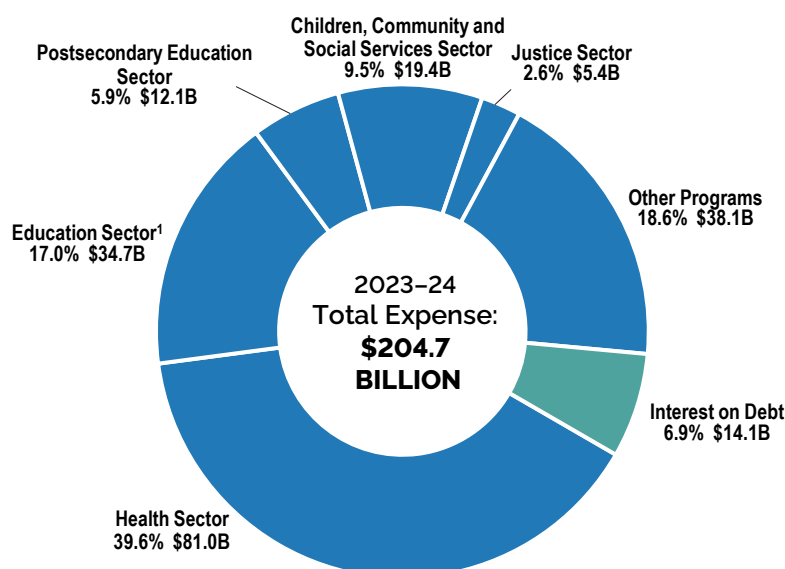
Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

Chart 3.5
Composition of Total Revenue, 2023–24



Note: Numbers may not add due to rounding.
Source: Ontario Ministry of Finance.

Chart 3.6
Composition of Total Expense, 2023–24



¹ Excludes Teachers' Pension Plan. Teachers' Pension Plan expense is included in Other Programs.

Note: Numbers may not add due to rounding.

Sources: Ontario Treasury Board Secretariat and Ontario Ministry of Finance.

Table 3.12
Infrastructure Expenditures

(\$ Millions)

Sector	Total	2023–24 Plan		
	Infrastructure Expenditures Interim ^{1,2} 2022–23	Investment in Capital Assets ³	Transfers and Other Infrastructure Expenditures ⁴	Total Infrastructure Expenditures
Transportation				
Transit	6,837	6,195	1,276	7,471
Provincial Highways	2,790	3,098	95	3,193
Other Transportation, Property and Planning	237	157	79	236
Health				
Hospitals	3,186	3,348	1	3,349
Other Health	406	77	504	581
Education	2,944	2,777	226	3,003
Postsecondary Education				
Colleges and Other	894	614	90	705
Universities	117	–	124	124
Social	342	32	337	369
Justice	516	790	11	801
Other Sectors⁵	2,345	1,121	2,546	3,667
Total Infrastructure Expenditures	20,615	18,210	5,289	23,499
Less: Other Partner Funding ⁶	3,264	2,560	304	2,864
Total⁷	17,351	15,650	4,985	20,635

¹ Interim represents the 2023 Budget projection for the 2022–23 fiscal year.

² Includes provincial investment in capital assets of \$11.9 billion.

³ Includes \$573 million in interest capitalized during construction.

⁴ Includes transfers to municipalities, universities and non-consolidated agencies.

⁵ Includes broadband infrastructure, government administration, natural resources, and the culture and tourism industries.

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

⁷ Includes Federal–Municipal contributions to provincial infrastructure investments.

Note: Numbers may not add due to rounding.

Source: Ontario Treasury Board Secretariat.

Table 3.13

10-Year Review of Selected Financial and Economic Statistics^{1,2}

(\$ Millions)

	2014–15	2015–16	2016–17
Revenue	126,152	136,148	140,734
Expense			
Programs	126,199	129,905	131,442
Interest on Debt ³	11,221	11,589	11,727
Total Expense	137,420	141,494	143,169
Reserve	–	–	–
Surplus/(Deficit)	(11,268)	(5,346)	(2,435)
Net Debt	294,557	306,357	314,077
Accumulated Deficit	196,665	203,014	205,939
Gross Domestic Product (GDP) at Market Prices	727,042	760,435	790,749
Primary Household Income	490,423	512,570	520,486
Population (000s) — July ⁴	13,618	13,707	13,875
Net Debt per Capita (dollars)	21,631	22,350	22,636
Household Income per Capita (dollars)	36,014	37,394	37,511
Net Debt as a Per Cent of Revenue	233.5%	225.0%	223.2%
Interest on Debt as a Per Cent of Revenue	8.9%	8.5%	8.3%
Net Debt as a Per Cent of GDP	40.5%	40.3%	39.7%
Accumulated Deficit as a Per Cent of GDP	27.1%	26.7%	26.0%

¹ Amounts reflect a change in pension expense that was calculated based on recommendations of the Independent Financial Commission of Inquiry, as described in Note 19 to the Consolidated Financial Statements, in *Public Accounts of Ontario 2017–2018*. Amounts for net debt and accumulated deficit also reflect this change.

² Revenues and expenses have been restated to reflect the change in presentation of third-party revenue for hospitals, school boards and colleges to be reported as revenue. This restatement is fiscally neutral.

³ Interest on debt is net of interest capitalized during construction of tangible capital assets of \$321 million in 2021–22, \$479 million in 2022–23 and \$573 million in 2023–24.

⁴ Population figures are for July 1 of the fiscal year indicated (i.e., for 2017–18, the population on July 1, 2017, is shown).

⁵ Interim represents the 2023 *Budget* projection for the 2022–23 fiscal year.

Note: Numbers may not add due to rounding.

Sources: Statistics Canada, Ontario Treasury Board Secretariat, and Ontario Ministry of Finance.

2017–18	2018–19	2019–20	2020–21	Actual 2021–22	Interim ⁵ 2022–23	Plan 2023–24
150,594	153,700	156,096	164,893	185,062	200,402	204,367
142,344	148,732	152,253	168,989	170,424	189,148	190,622
11,922	12,403	12,515	12,308	12,587	13,424	14,058
154,266	161,135	164,768	181,297	183,011	202,572	204,680
–	–	–	–	–	–	1,000
(3,672)	(7,435)	(8,672)	(16,404)	2,051	(2,170)	(1,313)
323,834	338,496	353,332	373,564	380,415	395,785	406,411
209,023	216,642	225,764	239,294	236,857	242,763	243,438
824,979	860,104	893,224	866,981	956,707	1,046,883	1,076,440
541,501	567,484	593,065	592,460	644,263	705,280	738,162
14,070	14,309	14,545	14,726	14,809	15,109	15,366
23,016	23,657	24,293	25,368	25,688	26,195	26,449
38,486	39,660	40,775	40,232	43,504	46,678	48,039
215.0%	220.2%	226.4%	226.5%	205.6%	197.5%	198.9%
7.9%	8.1%	8.0%	7.5%	6.8%	6.7%	6.9%
39.3%	39.4%	39.6%	43.1%	39.8%	37.8%	37.8%
25.3%	25.2%	25.3%	27.6%	24.8%	23.2%	22.6%

A close-up photograph of a man and a young boy sitting at a table, looking down at an open book. The man, on the left, is pointing at a page in the book. The boy, on the right, is looking at the book with his hand near his mouth. They are in a room with large windows in the background, letting in bright light. The boy is wearing a blue and green patterned shirt. The man is wearing a dark shirt and a watch on his left wrist.

Chapter 4

Borrowing and Debt Management

Introduction

As Ontario continues on its path to balance the budget, the borrowing program remains responsibly and prudently managed to minimize interest on debt (IOD) costs.

Ontario completed \$32.1 billion in long-term borrowing in 2022–23. This is \$9.3 billion lower than anticipated in the *2022 Budget* forecast, as a result of lower than projected deficits. The 2023–24 and 2024–25 long-term public borrowing forecasts are \$27.5 billion and \$28.7 billion, a decrease of \$17.1 billion and \$10.2 billion from the *2022 Budget* forecast, respectively.

Ontario is forecast to pay \$13.4 billion in interest costs in 2022–23, \$14.1 billion in 2023–24 and \$14.4 billion in 2024–25, down from the *2022 Budget* forecasts of \$13.5 billion, \$14.3 billion and \$14.9 billion, respectively. These lower interest costs total a cumulative savings of \$0.8 billion over three years and are a result of smaller borrowing programs, partially offset by higher than projected interest rates.

Had the borrowing program stayed the same as in the *2022 Budget*, given higher interest rates forecast today, interest on debt would have been \$0.3 billion higher in 2022–23, \$0.7 billion higher in 2023–24 and \$0.7 billion higher in 2024–25.

Ontario's net debt-to-GDP ratio is now forecast to be 37.8 per cent in 2022–23 and 2023–24, and 37.7 per cent in 2024–25, down 3.6 percentage points for each fiscal year, respectively, from the forecasts of 41.4 per cent for 2022–23 and 2023–24, and 41.3 per cent for 2024–25 in the *2022 Budget*.

Ontario's net debt-to-revenue is forecast to be 198 per cent in 2022–23, 199 per cent in 2023–24 and 197 per cent in 2024–25, a decrease of 40 percentage points for 2022–23 and 2023–24, and 41 percentage points for 2024–25, from the *2022 Budget* forecast.

Ontario's interest on debt-to-revenue is forecast to be 6.7 per cent in 2022–23, 6.9 per cent in 2023–24, and 6.8 per cent in 2024–25, a decrease of 0.8 percentage points, 0.7 percentage points, and 0.8 percentage points, respectively, from the *2022 Budget* forecast.

Borrowing Program

Ontario's borrowing program is primarily used to refinance maturing debt, make investments in capital assets and fund deficits, when applicable. Ontario will continue to finance most of its borrowing program in the long-term public markets in Canada and internationally.

Table 4.1

2022–23 Borrowing Program and Medium-Term Outlook

(\$ Billions)

	2022–23			Medium-Term Outlook		
	2022 Budget	Change from 2022 Budget	Interim ¹ 2022–23	2023–24	2024–25	2025–26
Deficit/(Surplus)	19.9	(17.7)	2.2	1.3	(0.2)	(4.4)
Investment in Capital Assets	13.4	(1.5)	11.9	13.6	18.6	18.8
Non-Cash and Cash Timing Adjustments	(9.7)	(8.1)	(17.8)	(9.2)	(11.7)	(14.0)
Loans to Infrastructure Ontario	(0.1)	(0.1)	(0.2)	0.1	0.1	0.2
Other Net Loans/Investments	0.7	(0.8)	(0.1)	0.1	(1.0)	(0.2)
Debt Maturities/Redemptions	30.5	0.0	30.6	31.2	27.9	33.1
Total Funding Requirement	54.7	(28.1)	26.6	37.0	33.7	33.4
Decrease/(Increase) in Short-Term Borrowing	(3.0)	4.3	1.3	–	–	–
Increase/(Decrease) in Cash and Cash Equivalents	–	–	–	5.0	(5.0)	–
Pre-borrowing in 2021–22 for 2022–23	(10.3)	–	(10.3)	–	–	–
Pre-borrowing for 2023–24	–	14.5	14.5	(14.5)	–	–
Total Long-Term Borrowing	41.5	(9.3)	32.1	27.5	28.7	33.4

¹ Interim represents the 2023 Budget projection for the 2022–23 fiscal year.

Note: Numbers may not add due to rounding.

Source: Ontario Financing Authority.

Ontario's long-term borrowing requirement for 2022–23 decreased by \$9.3 billion from the 2022 Budget forecast. This is primarily due to the stronger financial results reported in the *Public Accounts of Ontario 2021–2022*, the lower than forecast deficit for 2022–23, and is partially offset by pre-borrowing for 2023–24. Ontario has completed long-term borrowing for 2022–23 of \$32.1 billion, including \$14.5 billion in pre-borrowing for 2023–24.

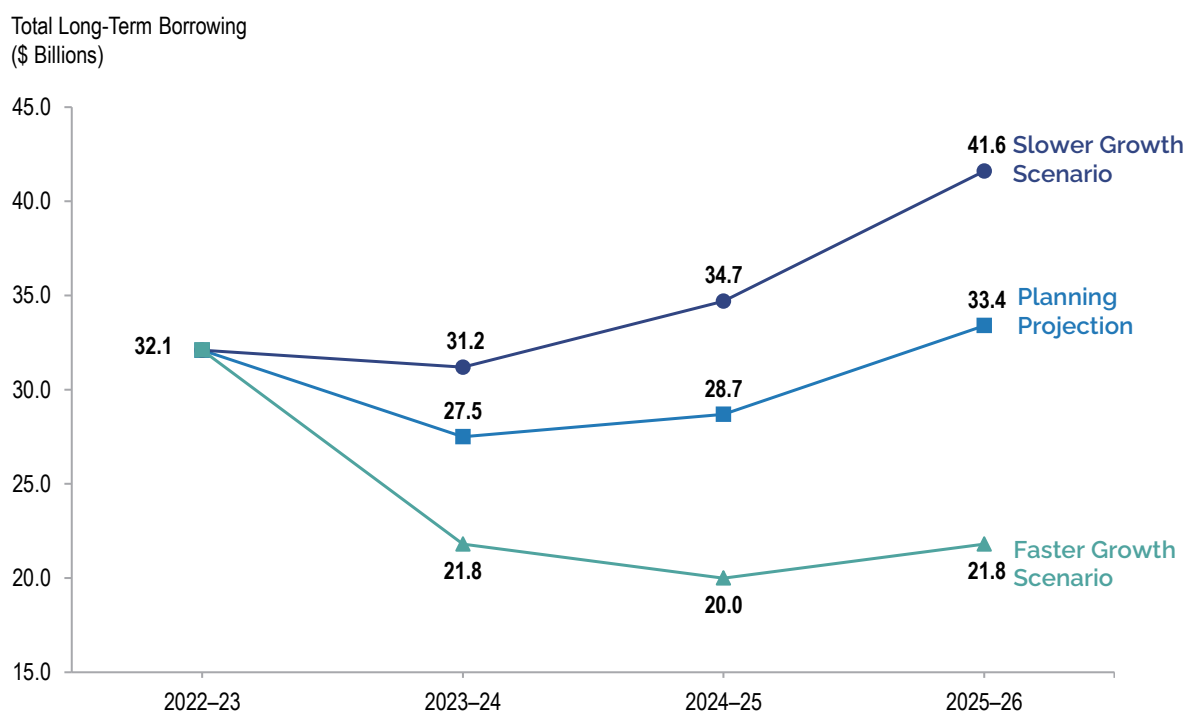
The 2022 Budget forecasted an increase of \$3.0 billion in short-term borrowing in 2022–23 and 2023–24. However, the lower deficit allowed Ontario to decrease the amount outstanding in its short-term borrowing program by \$1.3 billion in 2022–23 and to leave it unchanged in 2023–24. This resulted in a net \$4.3 billion reduction in the short-term borrowing program in 2022–23 compared to the 2022 Budget forecast.

The total long-term borrowing requirements for 2022–23 through 2024–25 are now forecast to be a cumulative \$36.6 billion lower than forecast in the medium-term outlook in the *2022 Budget*. This includes a decrease of \$17.1 billion for 2023–24 and \$10.2 billion for 2024–25. Ontario’s cash balance will increase by \$5.0 billion in 2023–24 in anticipation of the need to pay down large debt maturities in early 2024–25.

Had the borrowing program stayed the same as in the *2022 Budget*, given higher interest rates forecast today, interest on debt would have been \$0.3 billion higher in 2022–23, \$0.7 billion higher in 2023–24 and \$0.7 billion higher in 2024–25. Ontario’s annual long-term borrowing program in 2023–24 is forecast to be the lowest borrowing program since 2016–17.

In the event that alternative economic scenarios materialize, Ontario’s borrowing requirements in the next three years would also change (see Chapter 3: *Ontario’s Fiscal Plan and Outlook* for more details, and a description of the resulting alternative medium-term outlook scenarios). Under the Faster Growth scenario, long-term borrowing would decrease by a total of \$26.0 billion over the three-year outlook period, while under the Slower Growth scenario, long-term borrowing would increase by \$17.9 billion over the same period.

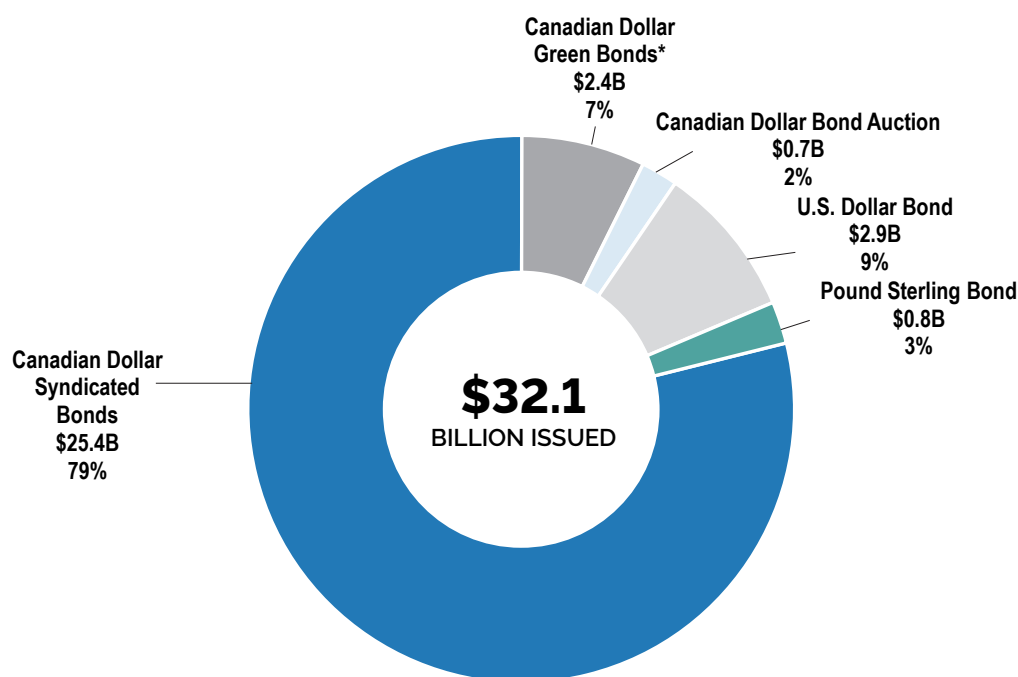
Chart 4.1
Borrowing Outlook Scenarios for Long-Term Borrowing



Sources: Ontario Financing Authority and Ontario Ministry of Finance.

Approximately 88 per cent of 2022–23 borrowing was completed in Canadian dollars, primarily through 30 syndicated issues and two Green Bonds. This percentage is above Ontario’s target range for domestic borrowing of 65 to 80 per cent for the 2022–23 fiscal year. Based on the combined experience of the last five fiscal years, Ontario’s target range for domestic borrowing will be 75 to 90 per cent in 2023–24. Ontario will adjust, if necessary, in response to evolving investor demand in the Canadian dollar and foreign currency markets.

Chart 4.2
2022–23 Borrowing



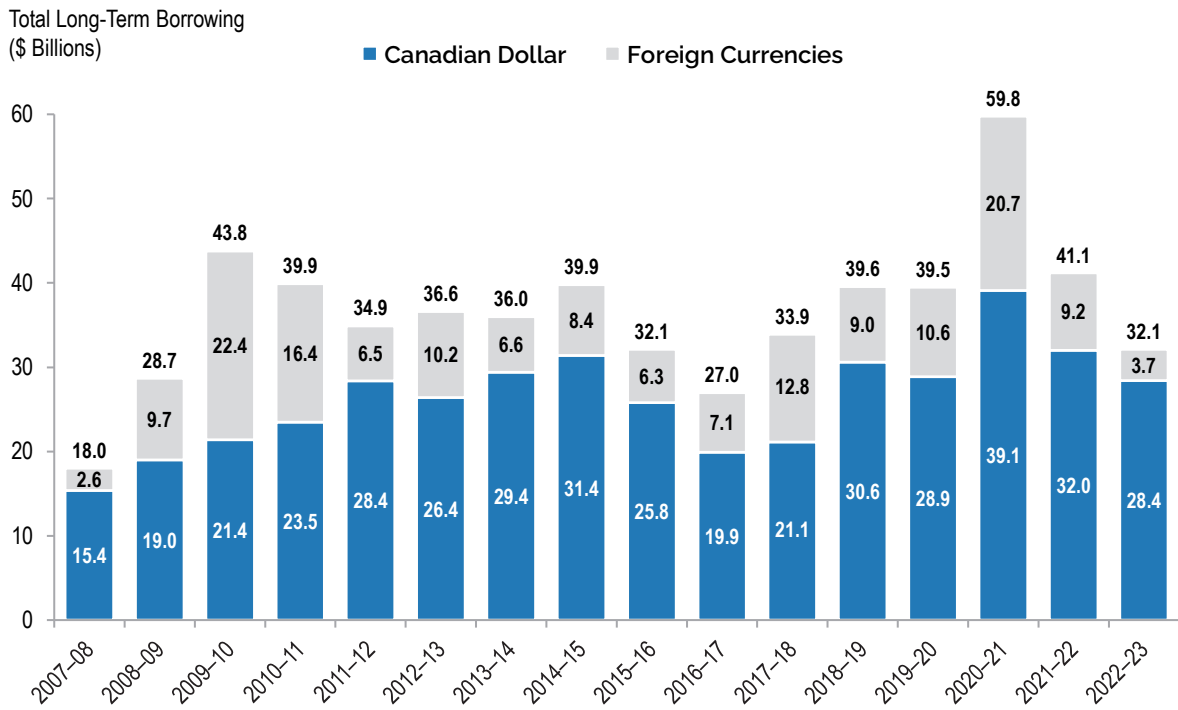
*Face value \$2.5 billion.

Note: Numbers may not add due to rounding.

Source: Ontario Financing Authority.

Foreign currency borrowing helps reduce Ontario's overall borrowing costs by continuing to diversify Ontario's investor base. This diversification ensures the government will continue to have access to capital even if domestic market conditions become challenging. Approximately \$3.7 billion, or 12 per cent of this year's long-term borrowing, was completed in foreign currencies, primarily in U.S. dollars.

Chart 4.3
Domestic and International Borrowing



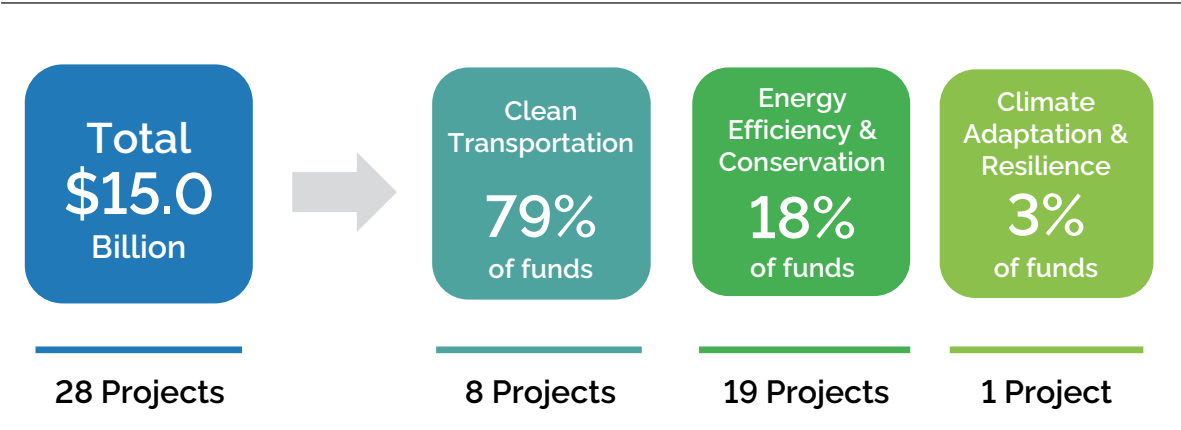
Note: Numbers may not add due to rounding.

Source: Ontario Financing Authority.

Green Bond Program

Green Bonds remain a core component of Ontario’s borrowing program and are an important tool to help finance public transit initiatives, extreme weather-resistant infrastructure, as well as energy efficiency and conservation projects. Ontario remains the largest issuer of Canadian dollar Green Bonds, totalling \$15.0 billion issued since 2014–15, with \$13.0 billion outstanding.

Chart 4.4
Green Bond Allocation by Framework Category



Note: Numbers may not add due to rounding.
Source: Ontario Financing Authority.

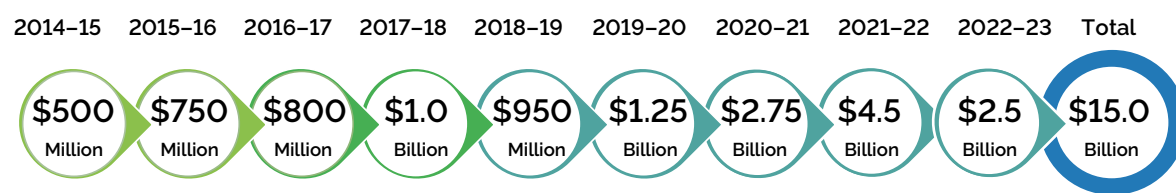
On February 28, 2023, Ontario issued its second Green Bond in 2022–23, and thirteenth Green Bond overall. This issue was for \$1.5 billion and followed a \$1.0 billion issue in October 2022. Five projects were selected to receive funding from the most recent Green Bond. This included four Clean Transportation projects and one project under the Energy Efficiency and Conservation framework category:

- GO Transit Expansion;
- Hazel McCallion Light Rail Transit;
- Ontario Line Subway;
- Scarborough Subway Extension; and
- Macdonald Block Reconstruction.

Ontario is updating its Green Bond Framework. The update will include better alignment of framework categories with the Green Bond Principles through standardized wording, as well as the expansion from green to sustainable to allow for a greater breadth of potential bond offerings in the future.

Ontario plans to continue its leadership in the Canadian dollar Green Bond market and, subject to market conditions, will issue multiple Green Bonds each fiscal year, including in 2023–24.

Chart 4.5
Ontario's Green Bond Issues



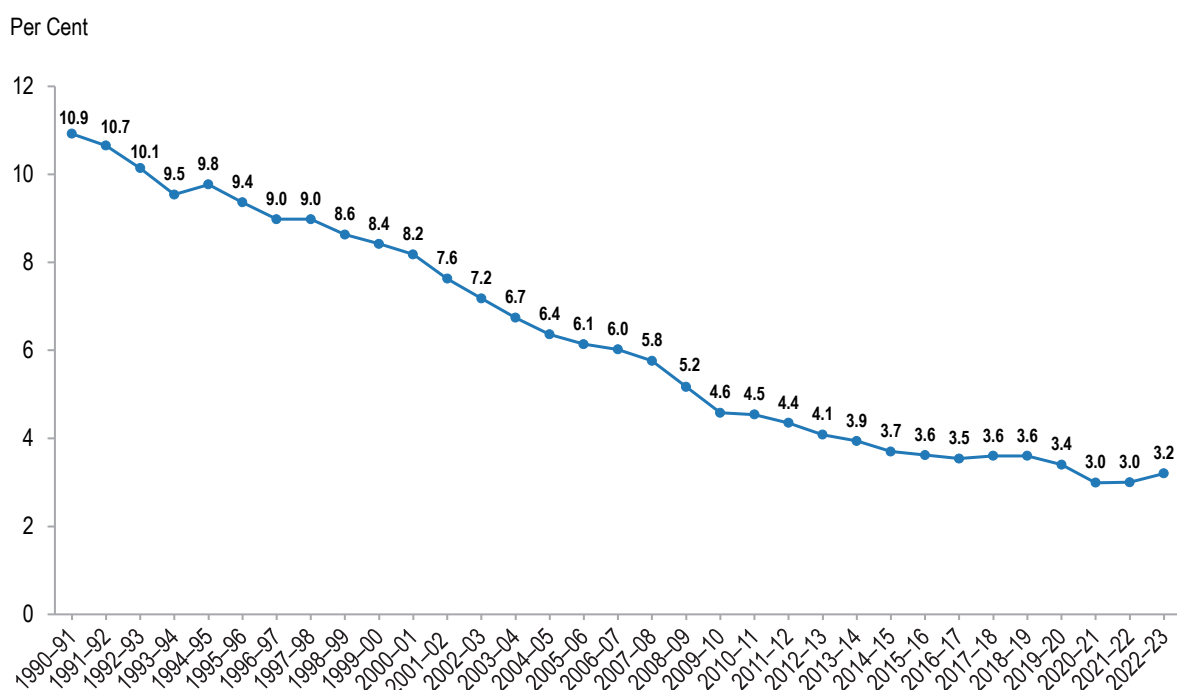
Source: Ontario Financing Authority.

Ontario is currently the largest issuer of Canadian dollar Green Bonds, which capitalizes on the government's ability to raise funds at low interest rates and serve as an important tool to help finance public transit initiatives, extreme-weather resistant infrastructure, and energy efficiency and conservation projects.

Cost of Debt

After a three-decade decline, interest rates have risen as central banks, including the Bank of Canada and the U.S. Federal Reserve, have raised overnight interest rates. This has impacted Ontario's IOD costs. Chart 4.6 shows that while the effective interest rate has begun to rise, the interest rate on the total debt portfolio remains low in historical terms due to Ontario's decision to lock in long-term rates and extend the term of its debt since the Global Financial Crisis in 2007–08.

Chart 4.6
Effective Interest Rate (Weighted Average) on Total Debt

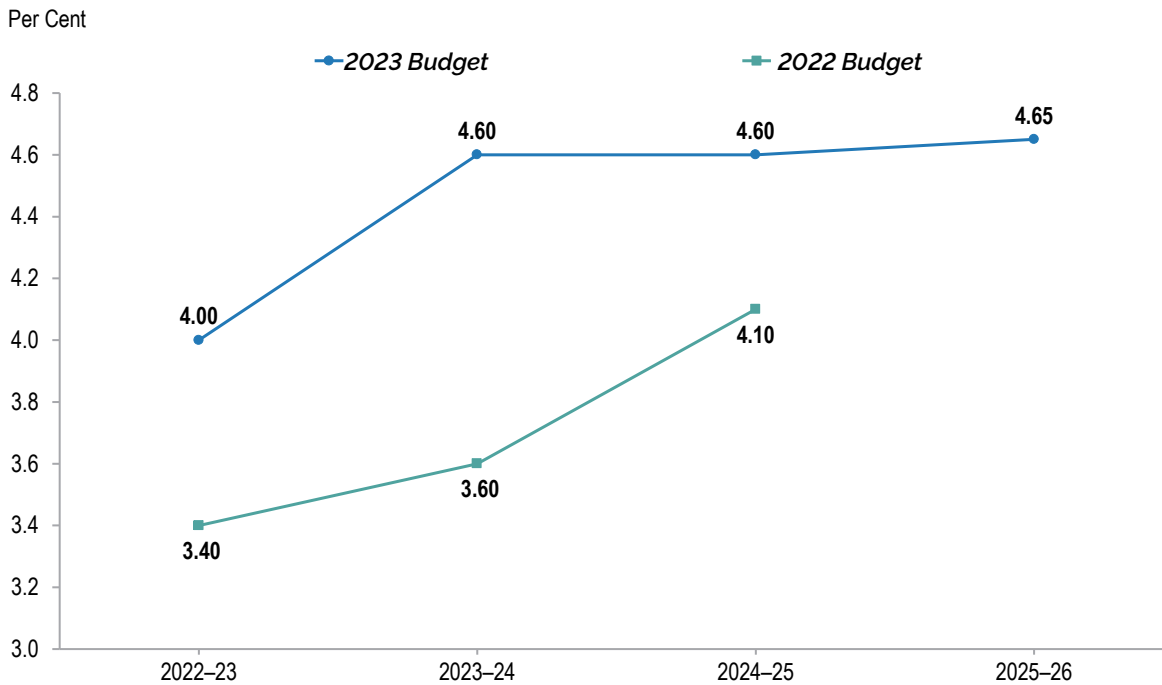


Sources: *Public Accounts of Ontario* (1990–1991 to 2021–2022) and Ontario Financing Authority.

The overall increase in interest rates has resulted in Ontario's projected cost of borrowing in 2022–23 going up by 60 basis points to 4.00 per cent from the 3.40 per cent forecast in the *2022 Budget*. A one percentage point change in interest rates either up or down from the current interest rate forecast is estimated to have a corresponding change in Ontario's borrowing costs of approximately \$600 million in the first full year, if the size of the borrowing program remains unchanged from the current projection.

Chart 4.7 shows the average borrowing rates on debt issued in 2022–23 and the forecast used to estimate the future cost of borrowing or IOD expense.

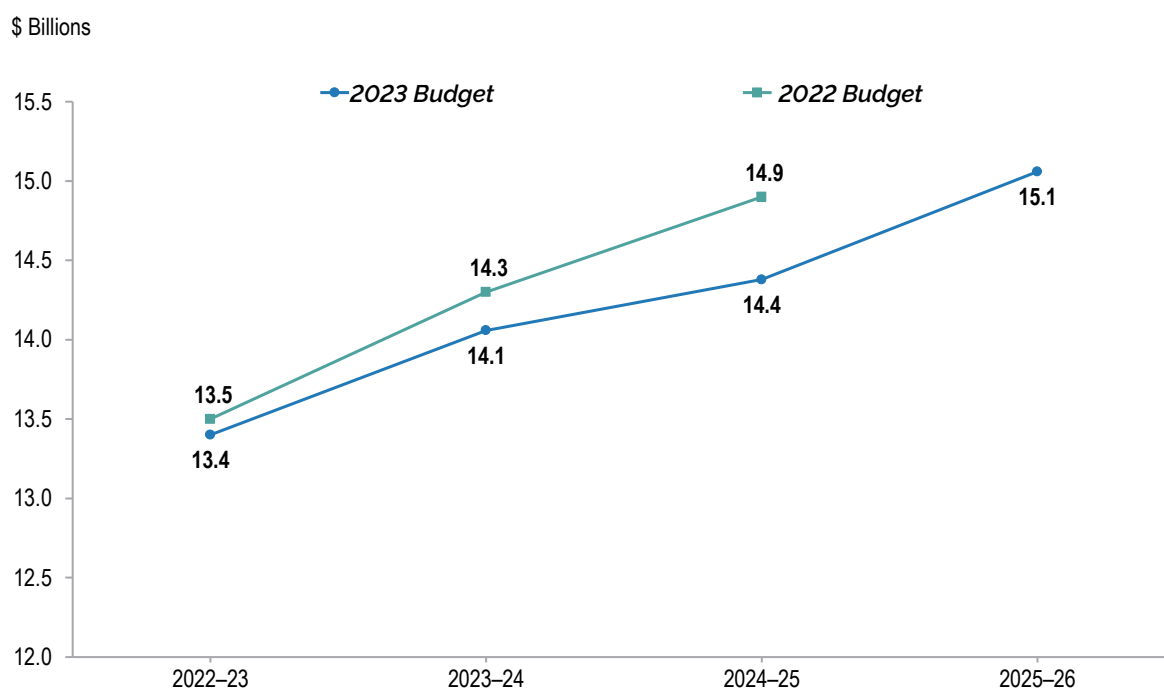
Chart 4.7
Comparison of Average Annual Ontario Borrowing Rates



Source: Ontario Financing Authority.

Ontario is forecast to pay \$13.4 billion in interest costs in 2022–23, \$14.1 billion in 2023–24, and \$14.4 billion in 2024–25, down from the 2022 *Budget* forecasts of \$13.5 billion, \$14.3 billion and \$14.9 billion, respectively. These lower interest costs total a cumulative savings of \$0.8 billion over three years and are a result of smaller borrowing programs, partially offset by higher than projected interest rates. IOD in 2025–26 is forecast to be \$15.1 billion. IOD remains Ontario’s fourth-largest expense after health care, education and social services.

Chart 4.8
Comparison of Interest on Debt Expense Forecast



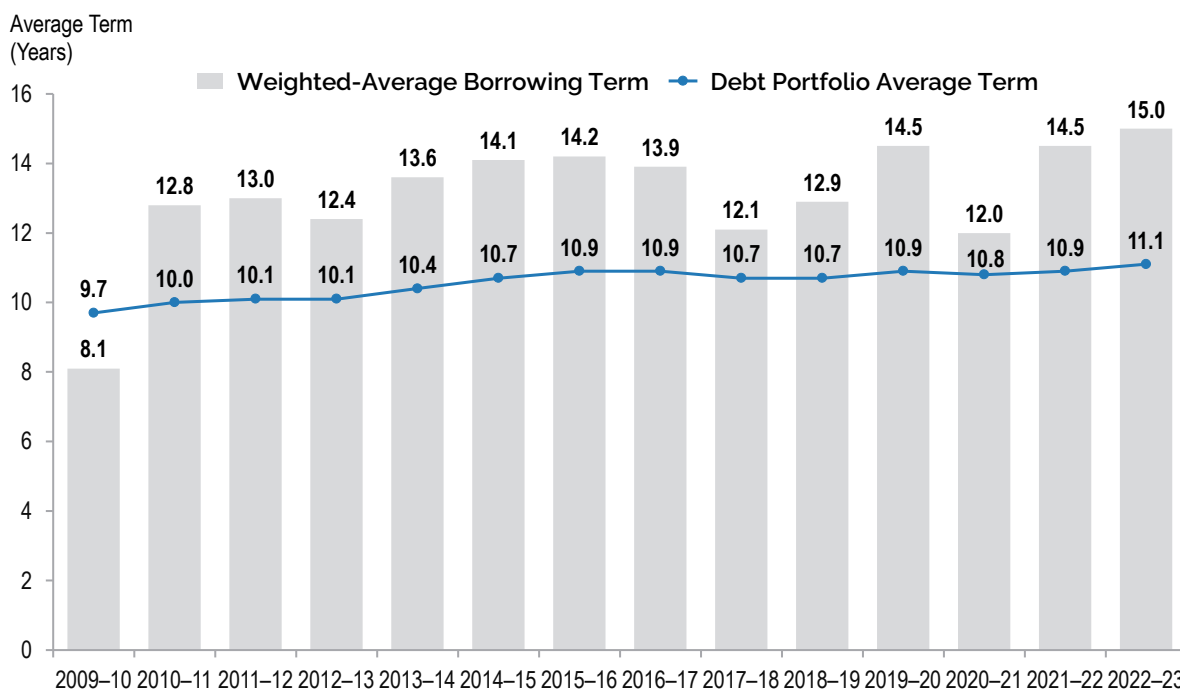
Source: Ontario Financing Authority.

Term of Debt

Ontario has continued to extend the term of its debt, when investor demand allowed, to reduce refinancing risk on maturing debt. This also protects the IOD forecast in the long term, against further increases in interest rates. Ontario has issued \$124.2 billion of bonds, or more than one-quarter of total debt, with maturities of 30 years or longer since 2010–11. This includes \$10.3 billion in 2022–23.

With interest rates rising but still low compared to the period preceding the Global Financial Crisis in 2007–08, and a large borrowing program and debt portfolio, the current plan is to maintain the term of Ontario's debt at no lower than the level it has been at since 2014–15. The success Ontario has had in extending the term of its debt from the time of the Global Financial Crisis leaves it with flexibility going forward. The rise in long-term interest rates will continue to be monitored to determine whether a modest change to Ontario's debt term strategy is appropriate in the future.

Chart 4.9
Weighted-Average Term of Borrowings



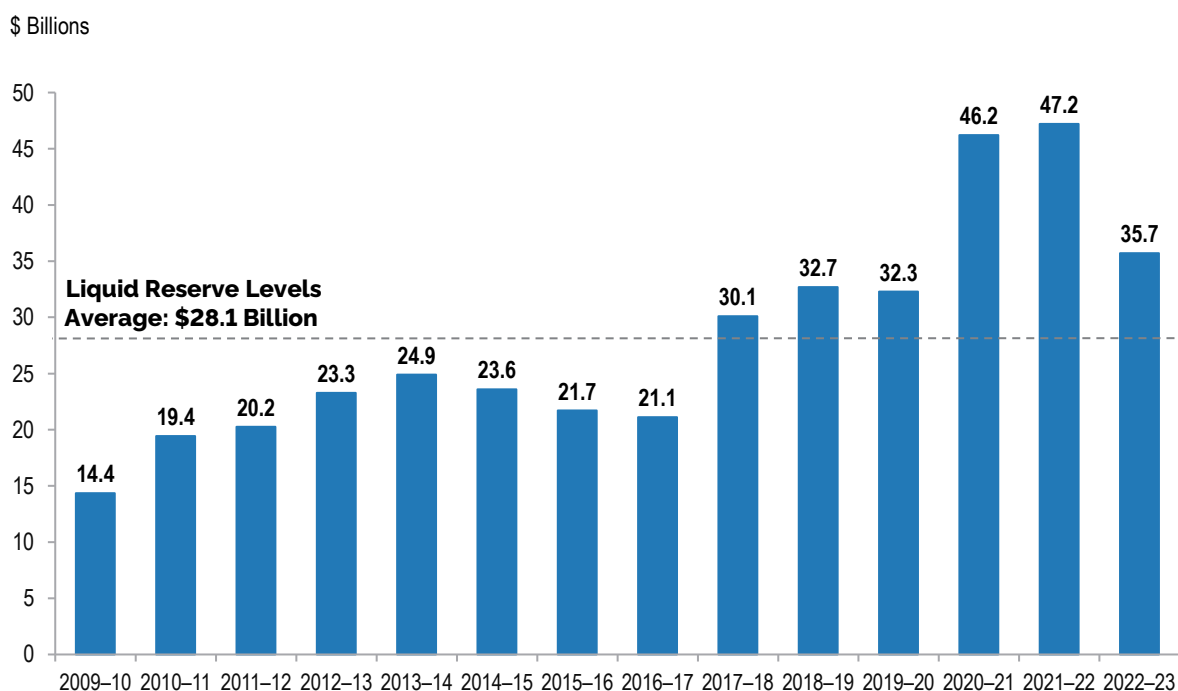
Source: Ontario Financing Authority.

Ensuring Adequate Liquidity Levels

Ontario balances the objective of minimizing the cost of holding liquid reserves against the need to always have enough cash on hand to pay its bills, invest in capital assets, refinance maturing debt and pay interest.

With the onset of the COVID-19 pandemic, Ontario had built larger cash reserves due to growth in the borrowing program. Starting in 2022–23, Ontario began to bring liquid reserves back to pre-COVID-19 pandemic levels, as shown in Chart 4.10. Cash reserves also allow the government to quickly respond to any unforeseen borrowing market, economic or geopolitical events.

Chart 4.10
Average Unrestricted Liquid Reserve Levels



Source: Ontario Financing Authority.

Debt Burden Reduction Strategy

The government remains committed to reducing the debt burden and putting Ontario's finances back on a more sustainable path. In addition to a path to balance by 2024–25, three years earlier than projected in the *2022 Budget*, Ontario has made positive progress towards each of the existing targets in its debt burden reduction strategy. This progress has allowed Ontario to lower the targets from those set in the *2022 Budget*.

Making Progress on Debt Burden Reduction Strategy

The *2023 Budget* includes an updated debt burden reduction strategy, with new targets over the medium-term outlook for the relevant measures of debt sustainability. These targets are updated annually, based on the latest economic outlook, to ensure Ontario is making positive progress towards reducing the debt burden. Meeting these targets on a sustained basis would help improve Ontario's credit rating profile and lower Ontario's cost of borrowing. This would result in less money being required to pay for interest on debt, while freeing up resources for other priorities. The new targets are for:



Net debt-to-GDP to stay below **40.0 per cent**



Net debt-to-revenue to be below **200 per cent**



IOD-to-revenue to stay below **7.5 per cent**

Table 4.2

Progress on Relevant Debt Sustainability Measures

(Per Cent)

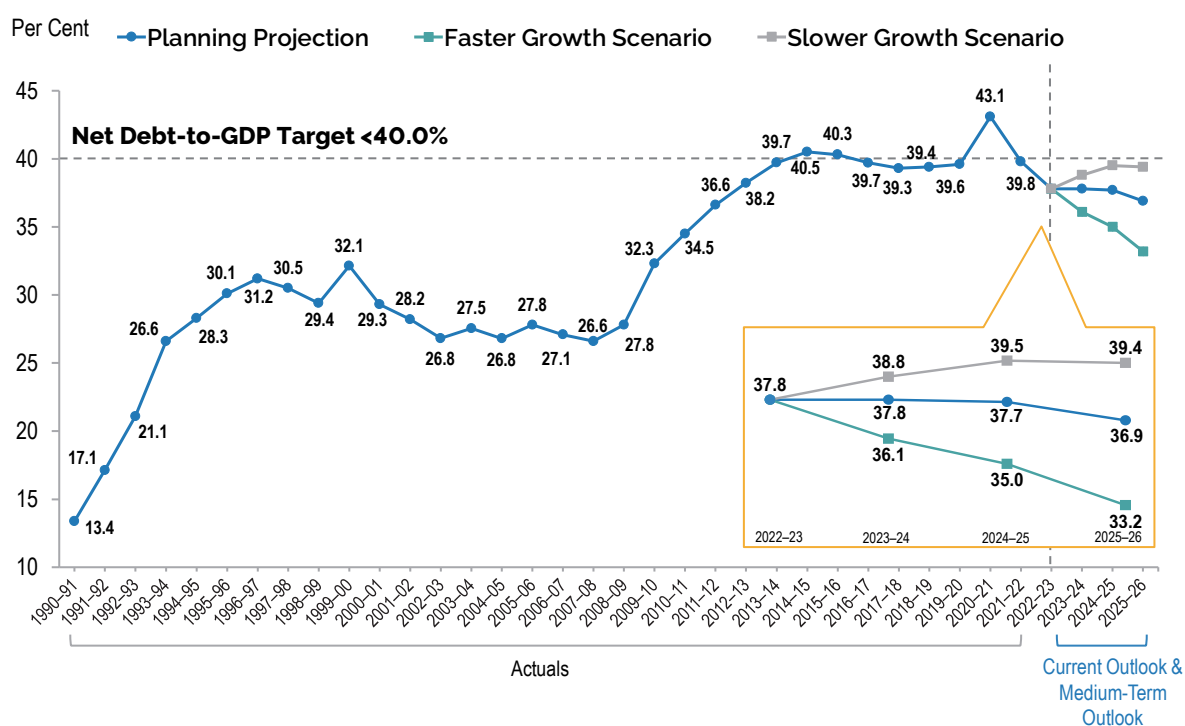
	2022 Budget Target	2022 Budget 2022–23	2023 Budget Target	2023 Budget 2022–23	2023 Budget 2023–24
Net Debt-to-GDP	<42.0	41.4	<40.0	37.8	37.8
Net Debt-to-Revenue	<250	238	<200	198	199
Interest on Debt-to-Revenue	<8.0	7.5	<7.5	6.7	6.9

Note: Further review has determined that the fourth debt sustainability measure introduced in the *2022 Budget*, debt maturities-to-net debt, did not effectively supplement the three other debt sustainability measures, so it will no longer be targeted.

Source: Ontario Financing Authority.

Ontario's 2022–23 net debt-to-GDP ratio is now forecast to be 37.8 per cent, a decrease of 3.6 percentage points from the forecasted 41.4 per cent in the *2022 Budget*. This was due to lower than previously projected deficits and higher nominal GDP growth. This ratio measures the relationship between a government's obligations and its ability to meet them, indicating the burden of government debt as a share of the economy. Ontario's net debt-to-GDP is now forecast to be 37.8 per cent in 2023–24, 37.7 per cent in 2024–25 and 36.9 per cent in 2025–26. Over the medium-term outlook, the net debt-to-GDP ratio is forecast to remain below the new target of 40.0 per cent, down from the *2022 Budget* target of 42.0 per cent.

Chart 4.11
Net Debt-to-GDP

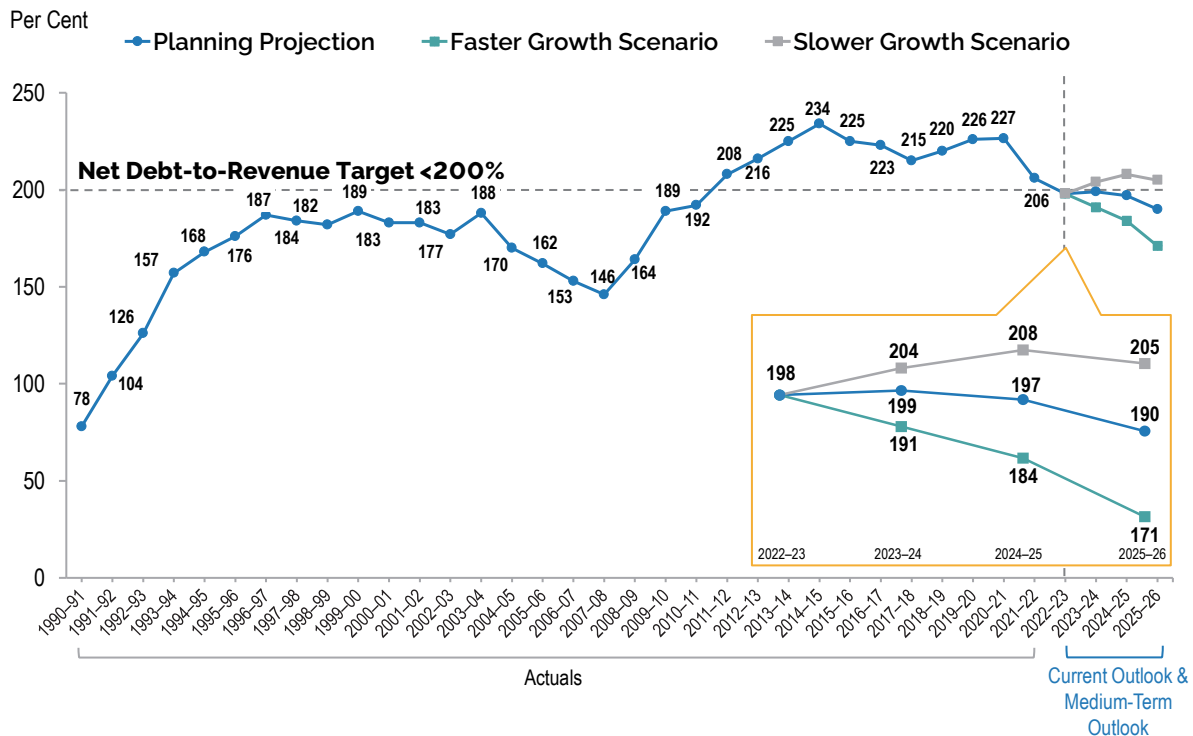


Note: See Chapter 3: *Ontario's Fiscal Plan and Outlook* for details on the Faster Growth and Slower Growth Scenarios.

Sources: Statistics Canada and Ontario Ministry of Finance.

The net debt-to-revenue ratio is projected to be 198 per cent in 2022–23, 40 percentage points below the 238 per cent forecast in the *2022 Budget*. This ratio is an indicator of how many years it would take to eliminate the debt if the Ontario government were to spend all its annual revenue on debt repayment. Over the medium-term outlook, this ratio is forecast to be 199 per cent in 2023–24, 197 per cent in 2024–25 and 190 per cent in 2025–26. Ontario’s new target for this ratio is to remain below 200 per cent, down from the *2022 Budget* target of 250 per cent.

Chart 4.12
Net Debt-to-Revenue

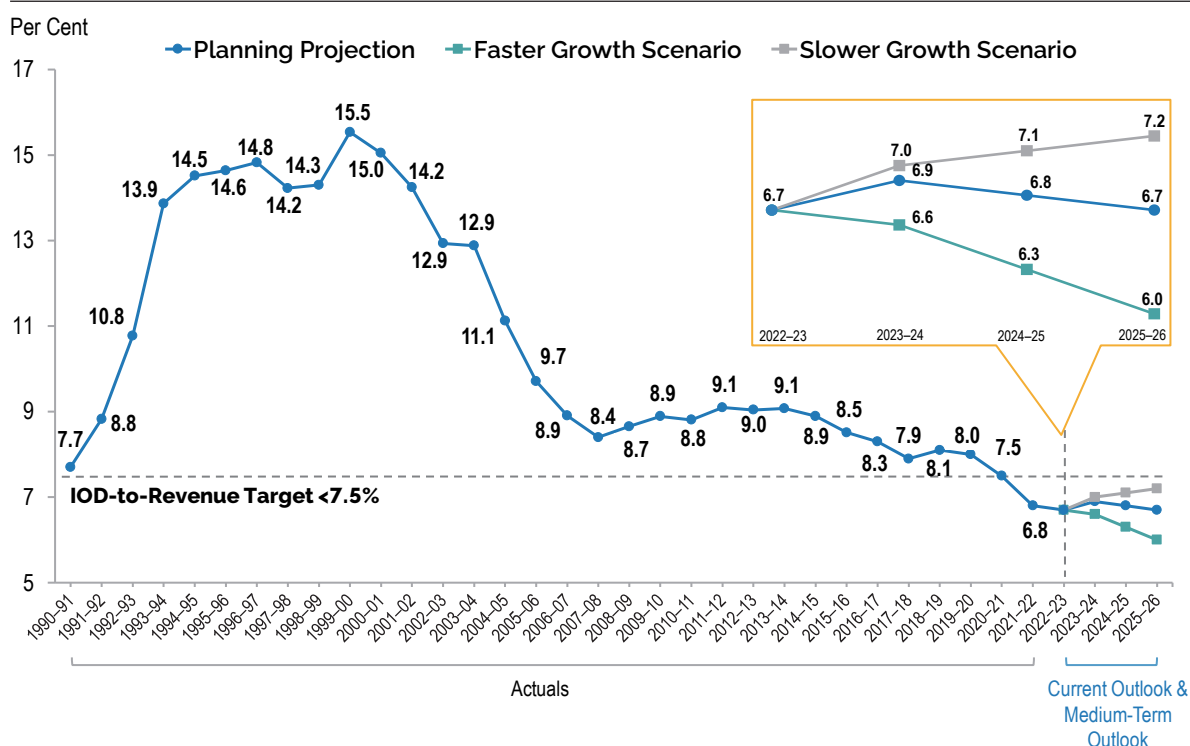


Note: See Chapter 3: *Ontario's Fiscal Plan and Outlook* for details on the Faster Growth and Slower Growth Scenarios.

Sources: *Public Accounts of Ontario* (1990–1991 to 2021–2022) and Ontario Financing Authority.

The IOD-to-revenue ratio is forecast to be 6.7 per cent in 2022–23, 0.8 percentage point lower than the 7.5 per cent forecast in the *2022 Budget*. This ratio represents how much Ontario needs to spend on interest for every revenue dollar received. The new target for this ratio is to stay below 7.5 per cent, down from the *2022 Budget* target of 8.0 per cent. Despite increases in deficits and borrowing requirements caused by the COVID-19 pandemic, IOD-to-revenue over the medium term continues to remain lower than forecasted in the pre-pandemic *2019 Budget*. This ratio is forecast to remain below the peak of 9.1 per cent reached last decade during the recovery from the Global Financial Crisis and is significantly lower than the levels in the early 1990s through to the mid-2000s.

Chart 4.13
Interest on Debt-to-Revenue



Note: See Chapter 3: *Ontario's Fiscal Plan and Outlook* for details on the Faster Growth and Slower Growth Scenarios.

Sources: *Public Accounts of Ontario* (1990–1991 to 2021–2022) and Ontario Financing Authority.

Consolidated Financial Tables

Table 4.3

Net Debt and Accumulated Deficit

(\$ Millions)

	2018–19	2019–20	2020–21	Actual 2021–22	Interim ¹ 2022–23	Plan 2023–24
Debt ²						
Publicly Held Debt						
Bonds ³	334,940	349,088	382,169	400,182	403,644	401,121
Treasury Bills	17,546	19,175	24,097	22,301	22,276	22,276
U.S. Commercial Paper ³	3,863	3,891	0	1,735	460	460
Infrastructure Ontario (IO) ⁴	300	300	300	300	300	300
Other	292	264	250	231	217	202
Total Publicly Held Debt	356,941	372,718	406,816	424,749	426,897	424,359
Non-Public Debt	11,039	10,010	9,318	8,766	8,678	7,943
Total Debt	367,980	382,728	416,134	433,515	435,575	432,302
Less: Holdings of Ontario Bonds and Treasury Bills	(13,716)	(9,938)	(11,122)	(7,098)	(6,407)	(42)
Revised Total Debt	354,264	372,790	405,012	426,417	429,168	432,260
Cash and Temporary Investments Excluding Broader Public Sector ⁵	(26,250)	(25,140)	(34,505)	(37,678)	(44,440)	(55,805)
Total Debt Net of Cash and Temporary Investments	328,014	347,650	370,507	388,739	384,728	376,455
Other Net (Assets)/Liabilities ⁶	(3,422)	(8,217)	(9,505)	(20,032)	(3,627)	15,859
Broader Public Sector Net Debt	13,904	13,899	12,562	11,708	14,684	14,097
Net Debt	338,496	353,332	373,564	380,415	395,785	406,411
Non-Financial Assets ⁷	(121,854)	(127,568)	(134,270)	(143,558)	(153,022)	(162,973)
Accumulated Deficit	216,642	225,764	239,294	236,857	242,763	243,438

¹ Interim represents the 2022 *Budget* projection for the 2022–23 fiscal year.² Includes debt issued by Ontario and all government organizations, including the Ontario Electricity Financial Corporation (OEFC).³ All balances are expressed in Canadian dollars. The balances above reflect the effect of related derivative contracts.⁴ IO's debt is composed of Infrastructure Renewal Bonds. IO's debt is not guaranteed by Ontario.⁵ Cash and temporary investments excludes any holdings in Ontario bonds and T-bills.⁶ Other Net (Assets)/Liabilities include accounts receivable, loans receivable, advances and investments in Government Business Enterprises (GBEs) offset by accounts payable, accrued liabilities, deferred revenue and capital contributions, pensions and other employee future benefits, and other liabilities.⁷ Non-financial assets include the tangible capital assets of Ontario, including the broader public sector.

Sources: Ontario Financing Authority and Ontario Ministry of Finance.

Table 4.4

Medium-Term Outlook: Net Debt and Accumulated Deficit

(\$ Millions)

	2023–24	2024–25	2025–26
Total Debt	432,302	433,254	433,697
Cash and Temporary Investments	(55,847)	(50,847)	(50,847)
Total Debt Net of Cash and Temporary Investments	376,455	382,407	382,850
Other Net (Assets)/Liabilities	15,859	24,065	31,674
Broader Public Sector Net Debt	14,097	13,854	15,345
Net Debt	406,411	420,326	429,869
Non-Financial Assets	(162,973)	(177,102)	(191,076)
Accumulated Deficit	243,438	243,224	238,793

Note: Numbers may not add due to rounding.*Source:* Ontario Ministry of Finance.



Annex

Details of Tax Measures and Other Legislative Initiatives

Overview

This Annex contains detailed information on tax measures and other legislative initiatives proposed or implemented in this Budget.

Ensuring Competitive Taxes for Industry

Introducing the New Ontario Made Manufacturing Investment Tax Credit

The government is proposing the new Ontario Made Manufacturing Investment Tax Credit. It is a new 10 per cent refundable Corporate Income Tax credit for capital investments in buildings, machinery and equipment used in manufacturing or processing to continue to bring back manufacturing to Ontario.

Eligible Corporations

The credit would be available to Canadian-controlled private corporations (CCPCs) that make qualifying investments and that have a permanent establishment in Ontario.

For the purposes of this credit, a permanent establishment means a fixed place of business including an office, a factory or a workshop.

Qualifying Investments

Qualifying investments would be expenditures for certain capital property included in Class 1 or Class 53 for capital cost allowance (CCA) purposes.

Class 1 Property

Qualifying investments in Class 1 would include expenditures for constructing, renovating or acquiring buildings used for manufacturing or processing in Ontario that become available for use on or after March 23, 2023.

To qualify as a building used for manufacturing, 90 per cent of the floor space of the building must be used at the end of the corporation's taxation year for manufacturing or processing in Ontario and the building must be eligible for the additional six per cent CCA permitted under the federal *Income Tax Act*.

Class 53 Property

Qualifying investments in Class 53 would include expenditures for machinery and equipment used in the manufacturing or processing of goods in Ontario. The machinery and equipment would have to be acquired and become available for use on or after March 23, 2023, and before 2026. After 2025, qualifying investments would include expenditures for machinery and equipment used in the manufacturing or processing of goods for sale or lease that are included in Class 43(a).

“Available for use” refers to the rules set out in the federal *Income Tax Act* that determine the taxation year in which a taxpayer can start to claim CCA for a depreciable property.

Qualifying Investment Limit

The credit would be available for qualifying investments up to a limit of \$20 million in a taxation year and would be prorated for a short taxation year. An associated group of corporations would be subject to the \$20 million limit.

Three-Year Reviews

The government would undertake a review of the credit every three years. The review would evaluate the credit for effectiveness, compliance burden and administrative costs.

Helping Small Businesses Grow

The Ontario small business Corporate Income Tax (CIT) rate is available to Canadian-controlled private corporations (CCPCs) and associated groups of CCPCs. Ontario’s small business CIT rate is currently subject to a small business limit of \$500,000 of active business income that phases out when a CCPC, or an associated group of CCPCs, has between \$10 million and \$15 million of taxable capital employed in Canada.

In the *2022 Ontario Economic Outlook and Fiscal Review*, the government proposed to extend the phase-out range for Ontario’s small business CIT rate to between \$10 million and \$50 million of taxable capital employed in Canada and is now introducing legislative amendments to implement this change. This change would mirror the federal government’s extension of the federal phase-out range for the federal small business CIT rate, which was recently legislated.

This proposed measure would apply to taxation years that begin on or after April 7, 2022, for consistency with the federal effective date.

Modernizing Ontario's Film and Television Tax Credits

The *2022 Budget* and the *2022 Economic Outlook and Fiscal Review* announced measures to modernize Ontario's film and television tax credits and committed to exploring other opportunities to improve these programs. The government is continuing work on these commitments.

- The government is extending film and television tax credit eligibility to professional film and television productions made available exclusively online. With this proposed change, Ontario would provide an estimated \$58 million in additional support to the industry from 2022–23 to 2025–26. Draft regulatory amendments were posted on Ontario's Regulatory Registry on February 21 and will be available for public comment until April 11, 2023. The government will review all comments and finalize the regulatory amendments in the coming months.
- The government is proposing a requirement that film and television productions supported by Ontario tax credits provide on-screen acknowledgement of this support in their end credits. Draft regulatory amendments to implement this change were included as part of the draft amendments posted on the Ontario Regulatory Registry on February 21 for public consultation, as mentioned above.
- The government is exploring opportunities to simplify the Ontario Computer Animation and Special Effects Tax Credit to reduce administrative complexity while continuing to ensure support remains targeted to professional productions with significant cultural or economic impact. The government is engaging with industry stakeholders to explore options.
- The government is proceeding with a review of the Ontario Film and Television Tax Credit regional bonus to ensure it is providing effective and appropriate incentives and support for film and television production in all regions of Ontario.

Making Progress on Modernizing Ontario's Tobacco Tax Administration

As outlined in the *2022 Budget*, the government is moving ahead with a review and modernization of the *Tobacco Tax Act* to ease administrative burden while also strengthening oversight. As an initial step, technical amendments will be introduced to remove redundant and outdated requirements in the legislation to provide greater clarity and reduce burden for registrants.

Moving forward, the review will identify additional opportunities to further reduce administrative burden, align the legislation to the changing tobacco marketplace and best practices in other jurisdictions, and modernize compliance by enhancing digitization. The government will engage First Nations, industry and trade associations including those representing convenience stores, law enforcement and public health stakeholders to inform proposed legislative changes.

Building on the recommendations of the engagement with First Nations on unregulated tobacco in 2021, led by two independent Indigenous facilitators, the government is strengthening its partnerships with First Nations by focusing on community safety, economic development and business regulation.

Harmonizing Wine Tax in Response to World Trade Organization Settlement

The government of Ontario is proposing to set a single 12 per cent basic tax rate on wine and wine coolers sold in off-site winery retail stores, including wine boutiques. The new rate would come into effect on July 1, 2023.

The proposed amendment would replace the four separate basic tax rates that apply to wine sold in off-site winery retail stores with a single rate. The harmonized rate is expected to result in an overall tax reduction of about \$4 million per year.

These proposed changes are in response to a World Trade Organization settlement reached between Canada and Australia.

Summary of Measures

Table A.1 reflects the cost of tax measures proposed or implemented in this Budget.

Table A.1

Summary of Measures

(\$ Millions)

	2022–23	2023–24	2024–25	2025–26
Introducing the New Ontario Made Manufacturing Investment Tax Credit	–	215	275	290
Harmonizing Wine Tax in Response to World Trade Organization Settlement	–	3	4	4
Helping Small Businesses Grow – Expanding the Phase-out Range of the Small Business Limit	25	80	80	80
Total	25	295	360	375

Notes: Numbers reflect the benefit to businesses. Positive numbers represent an increase in government expense or a decrease in government revenue. Estimates below \$10 million are rounded to the nearest \$1 million and estimates above \$10 million are rounded to the nearest \$5 million. Totals may not add due to rounding.

Source: Ontario Ministry of Finance.

Technical Amendments

Amendments may be proposed to various statutes administered by the Ontario Minister of Finance, or other statutes, to improve administrative effectiveness or enforcement, maintain the integrity and equity of Ontario's tax and revenue collections system, or enhance legislative clarity or regulatory flexibility to preserve policy intent.

Other Legislative Initiatives

Additional proposed legislative amendments include:

- An amendment to the *Financial Professionals Title Protection Act, 2019* to give the Financial Services Regulatory Authority of Ontario the power to make rules governing the use of protected titles by credential holders when a credentialing body's approval has been revoked or an approved credentialing body ceases to operate.
- An amendment to the *Dedicated Funding for Public Transportation Act, 2013* to ensure that Ontario's Gas Tax Program continues to provide two cents per litre of provincial gas tax revenue to municipalities in order to support local public transit. This would fulfill Ontario's commitment to ensure that the gas tax rate reduction does not impact this program.



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