

EDELMAAN UPDATE

2024 ONTARIO BUDGET

March 26, 2024

SUMMARY

Today, Ontario's Minister of Finance, Peter Bethlenfalvy, tabled Ontario's 2024 Budget titled *Building a Better Ontario Act, 2024*. Amidst rising costs of living, housing shortages, and a global economic downturn, the Ford government is promoting this budget as their fiscal plan to maneuver through these uncertainties.

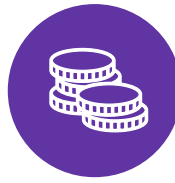
With \$214.5B (CAD) in spending the budget charts a prudent path to recovery amidst an economic downturn while still making key investments to build housing, strengthen healthcare, and combat crime. The budget is centered on two themes—"Building Ontario" and "Working for You"—with key announcements including:

- \$1.6B for new housing-enabling infrastructure funding for municipalities (on top of the \$200M announced in Fall 2023).
- \$546M over three years for primary health care teams to help connect over 600,000 people to healthcare.
- \$200M for a new Community Sport and Recreation Fund to build and upgrade sports and recreational facilities.
- \$100M more for the Skills Development Fund's Training Stream (for a total of \$960M) to increase training and apprenticeship opportunities.
- \$46M to purchase four new police helicopters for GTA Police Services to combat auto theft and other serious crime.
- Expanding the Guaranteed Annual Income System (GAINS) to allow nearly 100K seniors to receive more than \$1K per year.

In his speech to the Legislature, Minister Bethlenfalvy stated the budget is a forward-looking document which brings certainty to markets and confidence to people. He adopted a positive tone, lauding the government's investments in key sectors all the while refusing to raise taxes or tolls on highways. Minister Bethlenfalvy also highlighted investments attracted by the government in the Electric Vehicle sector, including \$2B by General Motors and \$1.8B by the Ford Motor company for manufacturing plants.

Budget 2024 projects a \$9.8B deficit this fiscal year, which is a significant divergence from the \$5.6B projection from the 2023 Fall Economic Statement. This difference can be attributed to two main factors, mainly slowing economic growth projections leading to lower taxes and \$6B in payments the government had to make following the repeal of Bill 124. The province now projects a balanced budget for 2026-2027, which will also see a \$500M surplus.

It is worth noting that despite these investments, the Ford government remains committed to not raising taxes on Ontarians and is calling on the federal government to cancel or put a hold on the Carbon Tax ahead of its planned increase in April.



REBUILDING ONTARIO'S ECONOMY

- The government is investing \$15M to enhance the Critical Mineral Innovation Fund (CMIF)—additional funding of \$5 million per year in 2024–25, 2025–26 and 2026–27.
- It is allocating an additional \$100M to the Invest Ontario Fund.
- An additional \$86M over three years will be allocated to the Northern Energy Advantage Program to help large industrial operations in Northern Ontario
- 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. To extend the program over the next three years, the government is providing an additional investment for an annual funding level of \$20M.



BUILDING HIGHWAYS & TRANSIT

- The government is investing \$1B for the new *Municipal Housing Infrastructure Program* to support core projects to enable housing for growing and developing communities.
- It is enhancing *Housing-Enabling Water Systems Fund* to a total of \$825M and providing attractive borrowing options through Infrastructure Ontario's *Municipal Loan Program*.
- The government is investing \$200M over three years in a new application-based local *Community Sport and Recreation Infrastructure Fund* to support new and revitalized sport, recreation, and community facilities.
- The government is investing \$27.4 billion over the next 10 years to expand or rehabilitate highways and bridges. This will include working with cities to build new highways and transit in Windsor, Ottawa, Milton, Mississauga, and Pickering.



WORKING FOR WORKERS

- Ontario is investing \$100M more in the *Skills Development Fund Training Stream* to help workers and job seekers, including apprentices, get the skills they need to advance in their careers.
- Ontario is providing an additional \$16.5M annually over three years to attract young people into the skilled trades, simplifying the system and encouraging employer participation in apprenticeships.
- It is investing \$62.9M to expand the *Ontario Youth Apprenticeship Program* to help more than 18,000 young people explore careers in the skilled trades. This funding will help train the skilled workers needed to build transit, hospitals, and at least 1.5 million homes by 2031.



INCREASING HOUSING SUPPLY & AFFORDABILITY

- Ontario will empower municipalities to increase housing supply and address housing affordability through municipal *Vacant Home Taxes*.
- Strengthening the *Non-Resident Speculation Tax* and increasing information sharing between provincial, federal, and municipal government. This will 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.



BETTER SERVICES

- Support for 50 hospital projects to create 3,000 additional beds over the next decade.
- Over \$50B of new investments in health infrastructure over 10 years; \$36B in capital grants.
- \$546M investment over three years in primary care expansion to provide coverage for 600,000 people.
- \$128M allocation over three years to enroll an additional 2,000 registered nurses and 1,000 registered practical nurses at public colleges and universities.
- An extra \$1.4B this year to build new schools in locations such as North Bay, Kitchener, Barrhaven, Brockville, and Lincoln.



CRIME & AUTO THEFT

- Ontario will work with the federal government and cities on policing and public awareness.
- An additional allocation of \$49M over three years to help police specifically address auto theft.
- The Ontario Provincial Police Organized Crime Towing and Auto Theft Team will work to directly combat organized crime and vehicle thieves.
- The Greater Toronto Area-Greater Golden Horseshoe Investigative Fund will be tasked with combatting the illegal export of stolen cars.
- The new *Preventing Auto Thefts* Grant and the Financial Services Regulatory Authority of Ontario will collaborate on public awareness campaigns.
- General investments in new and expanded correctional and courthouse facilities to account for growing communities and aging infrastructure.
- Funding an additional \$46M over three years to improve Toronto area police patrol coverage and response times.



OUR POINT OF VIEW

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For a mid-mandate budget, the Ford government has tactfully balanced easing cost of living pressures, which are top of mind for Ontarians, all the while remaining on track to balance the budget. In a time of high inflation, interest rates, and taxation, the government continues to invest in healthcare, transportation, and infrastructure without raising taxes and making life more affordable for Ontarians. These investments, combined with the government's laser focus on attracting good-paying jobs, encouraging growth in the Skilled Trades, and making our communities safer, point to a prosperous future for the twenty million Ontarians projected to populate the province in the next twenty years.

- DARCY WALSH, PRESIDENT, EGA CANADA

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The Ford government's mid-mandate budget provides little in the form of surprises as they have spent the last few weeks announcing measures to help ease the cost of living, increased funding for housing enabled infrastructure, while continuing their historic investments in transit, roads, and healthcare. Global instability and high interest rates continue to be a drag on economies and the pocketbooks of Ontarians. Despite these challenges, the government is not relenting and continues with its plan to build legacy public infrastructure, attract better jobs, and investments to the province. They have done so by not raising taxes since being elected. Recent polls have the premier back up to 41% (his number from the 2022 election) as his support is buoyed by his continued fight against the federal carbon tax, support for workers, and keeping costs down for families and businesses. The challenge for the premier, two-years from an election, is to demonstrate significant progress and delivering shovel-ready infrastructure projects to completion.

- CARLO OLIVIERO, SENIOR VICE PRESIDENT, PUBLIC & GOVERNMENT AFFAIRS (TORONTO)

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Today's budget in Ontario introduces record high levels of spending with the Ford government committing to their \$214.5 billion budget spending plan that has new money for healthcare, home and community care (\$2B), employment skills development (\$100M), community sport and recreation infrastructure (\$200M), and support for the new medical school at York University.

Together, the new spending pushes back the timeline for a balanced Ontario budget for at least another two years, which would be just prior to the next Ontario election.

The budget cautiously accepts the consensus view that the Ontario economy is slowing down and the consequences of the slowdown will be felt for the coming few years. Even though the path to a balanced budget is pushed back, the spending increases are still relatively moderate and provide key political wins in areas of social spending for Ontarians.

- HON. JAMES MOORE, P.C., SENIOR ADVISOR, EGA CANADA, FORMER MINISTER OF INDUSTRY

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BY THE NUMBERS, ANALYSIS

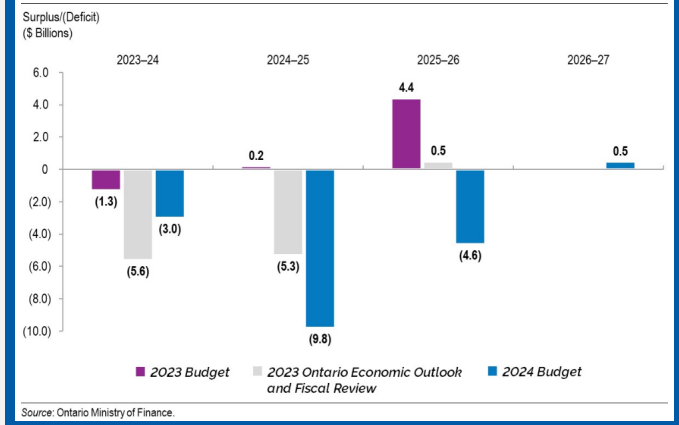
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The Ontario budget is a responsible, mid-mandate budget put together under difficult and challenging economic circumstances.

The budget paints a difficult picture of the short-term road ahead both for Ontario's economy and for the government's fiscal situation. With real GDP growth projected near zero in 2024 and remaining below potential in 2025 and 2026, the fiscal situation has deteriorated since budget 2023. Notwithstanding relatively constrained growth on program spending, weaker revenue projections combined with relatively high interest on the debt have led to a delay in achieving a balanced budget. Moreover, the risks to both the economy and the fiscal situation are on the downside, given the inflation outlook and the possible fallout from the US presidential election later this year.

Given fairly robust employment growth, the longer-term outlook for productivity and real wages is not positive. What limited spending there is in the budget is focused on key priorities—health care, energy, infrastructure, research, education, and so on—which are at least pointed in the right direction insofar as productivity and real wage growth are concerned. That said, over the next two years the government will need to increase investments that will support long-term productivity growth in the province, or face even more difficult budget challenges in the medium term.

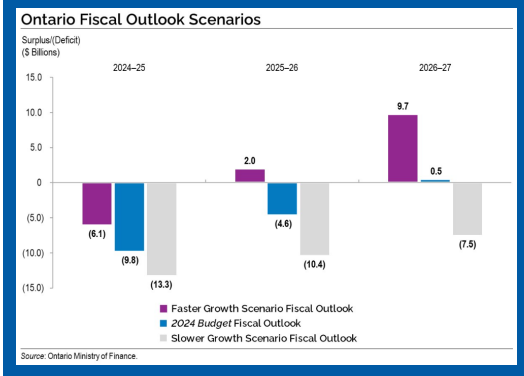
Current Fiscal Outlook Compared to the 2023 Budget and 2023 Ontario Economic Outlook and Fiscal Review



- ROBERT FONBERG, SENIOR ADVISOR, EGA CANADA, FORMER DEPUTY MINISTER

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BY THE NUMBERS



Progress on Relevant Debt Sustainability Measures (Per Cent)

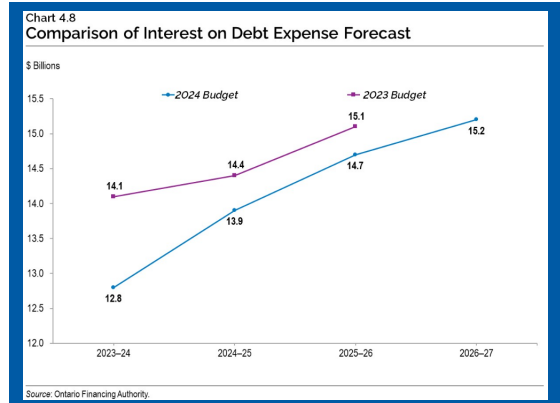
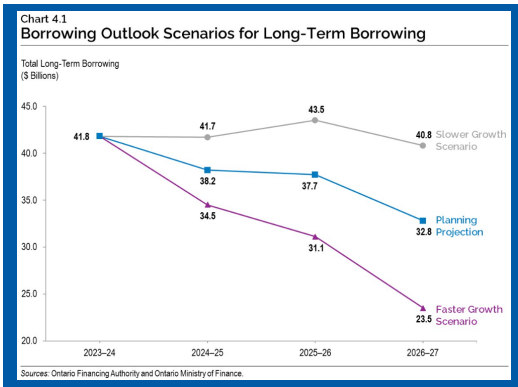
	Targets	2023 Budget 2023-24 Forecast	2023 FES 2023-24 Forecast	2024 Budget 2023-24 Forecast	2024 Budget 2024-25 Forecast
Net Debt-to-GDP	<40.0	37.8	38.4	38.0	39.2
Net Debt-to-Revenue	<200	199	206	203	214
Interest on Debt-to-Revenue	<7.5	6.9	6.7	6.3	6.8

Table footnotes:

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.



STAKEHOLDER REACTIONS



"If you're looking for change, Ford's budget is not for you. People are looking for better health care and homes they can afford. Instead, they got an uninspired statement from a government that is out of touch and out of ideas."

- Marit Stiles, Leader of the Ontario NDP



"This is a do-nothing budget. It's not worth the paper it's printed on. The Minister concedes economic growth is down and the debt and deficit are up, but he does nothing to help families and local businesses who are struggling. The sad reality is Doug Ford has no intention of making life better for Ontario families and businesses. He is deliberately refusing to fund healthcare, education, and the public services we all rely upon. He is choosing to undercut our public institutions so he can further his privatization agenda and help his rich insider friends make more money."

- Bonnie Crombie, Leader of the Ontario Liberal Party



"Ontario is in the midst of a productivity crisis: business investment is down and our projected GDP growth is second lowest in Canada and lowest among North America's Eastern Seaboard. We are pleased to see the budget acknowledge this and applaud the government's efforts to improve the province's productivity and reignite higher economic growth for the next decade and beyond across the Toronto Region. In particular, we are pleased to see continued investments in urgently needed transportation infrastructure, both public transit and highways, and \$1.6 billion in funding to build the infrastructure needed for new housing development. This reduces the burden on already-stretched municipalities."

- Giles Gherson, President and CEO of the Toronto Region Board of Trade



Ontario Medical Association

"Significant investments in team-based primary care and home care in the provincial budget are positive steps, but more work is needed to build the health-care system that Ontario deserves. The OMA identified urgent priorities in our Prescription for Ontario: Doctors' Solutions for Immediate Action and asked the government for action in those areas. This budget makes progress on our recommendations, including fixing the crisis in primary care. With the announced investment of \$546 million for team-based primary care, an estimated 600,000 more patients will gain access."

- Dr. Andrew Park, President, Ontario Medical Association



"The strength of Ontario infrastructure relies on a skilled workforce. Great to see continued investments in skilled trades, training, and apprenticeship working collaboratively with government to build up our communities, strengthen our economy, and move Ontario forward."

- Joseph Mancinelli, International Vice President and Regional Manager of Central and Eastern Canada, LiUNA



"IBC and its members welcome the government's auto insurance reforms, which are a good first step in giving Ontarians more control and choice over their auto insurance coverage. We have long advocated for much needed reforms that provide consumers with more choice and options when purchasing auto insurance. In addition, we applaud the Ontario government on its strong commitment to combatting auto theft with a continued \$49 million investment to support programs that combat auto theft and destabilize organized crime networks. Across Ontario, auto theft has reached a crisis level. This funding is a meaningful and positive step towards better protecting Ontarians and their families."

- Amanda Dean, Vice-President, Ontario and Atlantic, Insurance Bureau of Canada



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