

PCs Will Campaign on Promises in Budget

Shortly after 4:00 pm on the afternoon of Thursday, April 28th, Ontario's Minister of Finance, Peter Bethlenfalvy, rose in the provincial legislature to deliver a speech outlining the government's financial blueprint for 2022/2023. It's titled "Ontario's Plan to Build." The Ontario Budget webpage can be found here: <https://budget.ontario.ca/2022/index.html>

Following his address, Bethlanfalvy tabled Bill 124, An Act to Implement Budget Measures and An Act to Amend Various Statutes. The Speaker then adjourned the legislature until September 12th making way for the writs of election to be issued by the Lieutenant Governor next week and the election campaign to officially begin.

The budget is essentially a package of the vast number of spending commitments the government had already made over the last several months. Surprisingly little mention is made of the pandemic or attention to emergency preparedness and readiness. After a 28-day campaign, the election will be held on June 2nd.

The budget's proposals are framed in five sections:

1. Rebuilding Ontario's Economy

- The budget proposes to support the province's auto sector proposing allocating more than \$12 billion in new investment for new vehicle production and battery manufacturing
- Yet again, another budget commitment is made to support access and development of the Ring of Fire with almost \$1 billion once again earmarked for this purpose
- \$8.9 billion is proposed by way of tax reductions and the elimination of red tape to support employees and small businesses

2. Working for Workers

- The budget proposes to allocate \$1 billion annually in employment and training programs, including an additional \$114 million over three years for the Skilled Trades Strategy
- The budget puts the province's network of Community Colleges at the forefront of the government's workforce development strategy proposing their delivery of new three-year applied degrees and four-year degree programs
- The general minimum wage will be increased to \$15.50 per hour starting on October 1st, 2022, and digital platform workers will be entitled to receive the general minimum wage
- \$15.1 million is allocated in the budget to the Ontario Immigrant Nominee Program

- An additional \$114.4 million over 3 years is proposed for the government's Skilled Trades Strategy
- Skilled Trades Ontario will be responsible for harmonizing the requirements of 12 trades with other provinces and accelerating the process of assessing the qualifications of worker that were trained in another jurisdiction

3. Building Highways and Key Infrastructure

- The budget continues a robust spend on infrastructure allocating \$159 billion over next 10 years
- \$25 billion of that infrastructure commitment will be spent on a variety of highway projects such as Highways 413, Highway 401, Highway 7 between Kitchener and Guelph and the Bradford Bypass
- \$61 billion of the infrastructure allocation will earmarked for public transit and commuter projects over the next 10 years such as expanding GO Transit and building subways in Toronto

4. Keeping Costs Down

- the budget proposes to reduce the gas tax by 5.7 cents per litre and cut the fuel tax by 5.3 cents per litre for six months beginning July 1st, 2022 to the gasoline tax for six months starting July 1st and removing tolls on Highways 412 and 418
- Removal of license plate renewal fees for passenger and light commercial vehicles
- Enhancements to the Low-income Individuals and Families Tax (LIFT) Credit

5. A Plan to Stay Open

- More than \$40 billion over 10 years in health capital to create more capacity and address longstanding bed shortages
- \$1 billion over three years for Ontario's home care sector
- \$764 million over two years to provide nurses with a retention incentive of up to \$5,000
- \$300 million as part of the province's Surgical Recovery Strategy to address backlogs

Other Observations:

- the budget proposes to establish the Ontario Loan Act and to amend five other statutes including the Workplace Safety and Insurance Act
- The budget projects a deficit of \$19.9 billion for 2022-23, up more than \$6 billion from the previous year but down significantly from 2020-21.

- The budget forecasts the deficit will be eliminated sometime between fiscal years 2024-25 and 2030-31 dependent on various economic growth scenarios
- The budget pegs next year's deficit at \$12.3 billion and the 2024-25 shortfall at \$7.6 billion
- The 2022-23 budget provides program spending of \$185.2 billion
- Provincial debt is expected to spike up to reach \$447.5 billion in the budget year and an additional \$13.5 billion is earmarked for interest payment
- \$20 billion is allocated this year for capital, a significant increase from the previous year
- The province's debt to GDP ratio is expected to remain in worrisome territory around 40%, 41% 42% for the next few years and may never again see pre-pandemic levels

This budget of course will not be passed but instead will simply serve as the re-election platform on which the Doug Ford led PCs will campaign. There is no commitment from the Tories that, if re-elected, these promises will find their way into a Throne Speech or fiscal plan. Five months is a long time, and much can happen and there could even be a new finance minister with different ideas.