

NAVIGATOR

Ontario Budget 2022 – Insights & Analysis

April 28, 2022





Saying Yes to Largesse

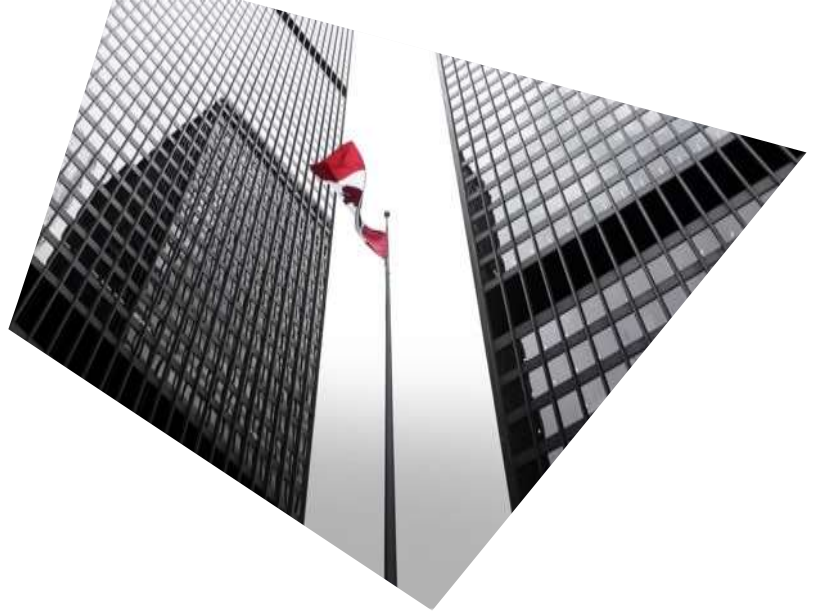
This afternoon, the Ontario government unveiled its 2022 budget entitled "[Ontario's Plan to Build](#)." If some of the budget items look familiar, it's because they are. Many of the initiatives were announced in the weeks prior to the budget, with the tax initiatives and a few other pieces excepted.

Let's be honest: this is an election budget, a pseudo-platform for the PCs to run on in the coming weeks. In the document, the PCs clearly carve out the battle lines.

They're going back to running on their traditional strengths when it comes to growing jobs and the economy through a Critical Minerals Strategy tied to Ring of Fire development and a whopping \$12 billion in electric vehicle deals signed over the past few months. They're swinging for labour votes with the expansion of Ontario's low-income tax credit, investments in skills training and upping the minimum wage to \$15.50 per hour this fall.

Contrast with the opposition is very apparent throughout the document and in the Minister's speech. In a bid for suburban votes, the PCs have staked their claim on supporting contentious infrastructure projects like Highway 413 and the Bradford Bypass, daring the opposition to stop building roads that would help 905 commuters and workers. On another front, the PCs see delivering on their promises for more hospital beds, long-term care beds, and health human resources as more than just building the future of health care; it's daring the opposition to say anything against efforts to keep the economy open amid a sixth wave of the pandemic.

With all the talk about inflation and cost of living, one important commitment missing from this fourth-year budget is the middle-class income tax cut promised by PCs on the 2018 campaign trail. Will the other relief measures be enough to placate voters? Will affordability ultimately become the ballot box issue? Ontarians will have to find out for themselves on June 2.



What you need to know

The Top Line

- The budget projects a 2022-23 deficit of \$19.9 billion, \$1.6 billion less than originally projected by the government in their last fiscal update.
- Since the start of the pandemic, Ontario has recovered the 228,300 net new jobs above pre-pandemic levels, contributing to over 573,000 net new jobs created since the PCs took office.
- The budget contains \$198.6 billion in total spending.
- The government estimates it has achieved \$8.9 billion in cost savings and support for Ontario employers, including small businesses.
- The government has signed \$12 billion in auto sector deals to date.

Key Themes

1. Rebuilding Ontario's Economy
2. Working for Workers
3. Building Highways and Key Infrastructure
4. Keeping Costs Down
5. A Plan to Stay Open



What you need to know

Key Measures

- Expanding Ontario's low-income tax credit to ensure those making \$50,000 or less receive an additional \$300 in relief on their personal income tax returns.
- Increasing the minimum wage to \$15.50 per hour, effective October 1, 2022.
- Providing 5.7 cents per litre cut to the gas tax for six months starting July 1.
- \$25.1 billion in capital funding committed over 10 years to build highways, including Highway 413, the Bradford Bypass, Highway 401 and Highway 7.
- \$61.6 billion in total capital funding over 10 years for public transit, including expanding GO rail services to London and Bowmanville.
- \$40 billion in total capital funding over 10 years for hospital and health infrastructure to add more hospital beds, construct new health care facilities, and renovate existing hospitals and community health centres.
- Committing \$1 billion annually in employment and training programs.
- Investing an additional \$114.4 million over three years in the Skilled Trades Strategy.
- Creating new, three-year applied degree and four-year degree programs at Ontario colleges.
- \$764 million over two years to provide nurses with up to \$5,000 retention bonus.
- \$42.5 million over two years to support expansion of medical education and training.
- Invest up to an additional \$1 billion in home care over three years.



What it means

Rebuilding the Economy by Embracing the Future

The government has shown a clear desire to revamp Ontario's auto sector while positioning investments in electric vehicles (EVs), clean steel and hydrogen as its solutions for growth. In keeping with the PC's mandate-long "Open-for-Business-Made-in-Ontario" focus, this budget outlines first steps in how they propose building out the province's EV supply chain. The vision here is for all components of EVs to one day be made in Ontario.

Budget 2022 highlights the more than \$12 billion in auto sector investments the province has already received, with \$5 billion in Ontario's first battery manufacturing plant and \$11 billion in hybrid and EV production and batteries. The government's Critical Minerals Strategy is key to unlocking its EV aspirations and supplying minerals needed for production. Recognizing people will need a place to power up their future EVs, \$91 million has been dedicated to help dot the province with more chargers.

Speaking of moving to low-carbon transportation, the PCs are hopeful that their recently announced hydrogen strategy will help grow Ontario's clean tech and hydrogen sectors and, coupled with its other investments in clean jobs and technology, satisfy demands for action on climate change.

Smaller goodies under the banner of economic development include a \$107 million investment in technology initiatives; a \$200 million increase in capital funding to Venture Ontario; a commitment to expanding film and television production in communities across the province; and an additional \$25 million investment to the Indigenous Economic Development Fund.



What it means

Everything and the Kitchen Sink

It's no secret that housing has been top of mind for the government when it comes to meaningfully tackling the affordability question. According to a recent [Ipsos poll](#), about 1 in 5 Ontarians identified housing as one of their top issues in the upcoming election.

Since the 2021 fall economic statement, the PCs have been trying to demonstrate action on the issue by setting up a Housing Affordability Task Force. The task force delivered its [report](#) in April with some pretty strong recommendations on addressing the housing issue, including densifying communities, ending exclusionary zoning, and overriding more municipal decision-making that can block more housing from being built.

While the budget reiterated many of the measures in the government's legislation, [More Housing for Everyone Act, 2022](#), the PCs are trying to punt any controversial measures they have to take on housing until after the election, including meaningfully addressing the recommendations of the task force. For now, the government is moving forward with clearing the backlog at the Ontario Land Tribunal and Land and Tenant Board, creating a new Community Infrastructure and Housing Accelerator authority, and increasing the Non-Resident Speculation Tax to 20 per cent.



What it means

The Fight for Commuters

Highway politics are shaping up to play a major role in the upcoming election, and Ford’s budget does not pass on the opportunity to draw a clear contrast between the Ontario PCs and their political rivals.

Most notably, the budget reaffirms the government’s commitment to the Highway 413 project – a controversial, yet politically significant initiative for commuters in the 905 battleground. Furthermore, while the Liberals and NDP have prioritized urban transit and other infrastructure priorities, Ford has drawn a line in the sand with a whopping \$25 billion investment towards highway construction and rehabilitation across the province.

In a similar appeal to commuters, the budget reiterates previously announced investments in GO Expansion for two-way, all-day service in core segments of the rail network and continuing with milestones in its GTA Subway Plan.

While highways and public transit feature prominently, there is much less to report in the way of green, social, or community infrastructure. A notable standout is the \$91 million in new investments towards EV charging infrastructure, which will pair well with the government’s big bet on the sector.

Together with previously announced infrastructure investments, the government is projecting to spend more than \$158 billion on infrastructure over the next decade. With the title “Ontario’s Plan to Build”, this budget is certainly putting its money where its mouth is.



What it means

The Future of Health Care

As Ontario's health and long-term care sectors continue to respond to the COVID-19 pandemic, it comes as no surprise that the Ford government is continuing to make monumental investments there as it looks to shore up its credibility and begins to look beyond the pandemic.

Budget 2022 makes significant investments to expand Ontario's health care workforce, build up domestic capacity to produce critical medical supplies, and get hospitals built. The PCs also reaffirmed their commitment to build more long-term care beds and end hallway health care. In fact, the province is on track to reach its target of over 30,000 long-term care beds by 2028.

To expand the province's health care workforce, the PCs are investing \$124 million over three years to modernize clinical education for nurses, launching a \$61 million Learn and Stay Grant to retain talent, and investing roughly \$2.8 billion to make the current personal support worker wage enhancement permanent.

Capital investments in healthcare capacity also received significant funding in this year's budget, with the province committing to invest an impressive \$10 billion over the next 10 years in hospital and health care infrastructure. This adds to the \$30 billion previously announced. Politically significant, this funding will build new hospitals in Brampton and Mississauga, while supporting the redevelopment of others in Scarborough and Etobicoke. A grand total of 3,100 beds will be built over 10 years across 50 hospital projects.

The province is also investing \$300 million to reduce the surgical backlog and has committed \$204 million for mental health and addictions, as part of the 10-year total commitment of \$3.8 billion for these services.



What now?

Shortly after the budget was introduced, the legislature was adjourned, meaning it will need to be dealt with by the new government. The PCs will use this opportunity of making the election about a ballot box decision on their budget. With the writ expected to drop next Wednesday, May 4, all Ontario parties will be going into full-blown election campaign mode now.

Businesses and organizations should now watch closely those issues that Ontario voters care about most as that will decide the outcome of this election. These issues can make or break the fortunes of political leaders and parties. From experience, we at Navigator know campaigns matter.

How can you ensure your organization's advocacy remains in a strong position no matter who is elected in June? How can you avoid being a political target on the campaign trail? How can you identify and build champions around the table of the new government?

If your organization is asking these questions, our team of political experts has the answers. Please reach out to start a conversation at info@navltd.com.

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you can't
afford
to lose.[®]**