

## 2017 Provincial Budget Highlights

On April 27<sup>th</sup>, 2017 Finance Minister Charles Sousa delivered the Wynne Government’s budget for the fiscal year 2017/2018. The \$141 billion spending plan is the first balanced budget since 2008 and is expected to remain balanced for the next two years.

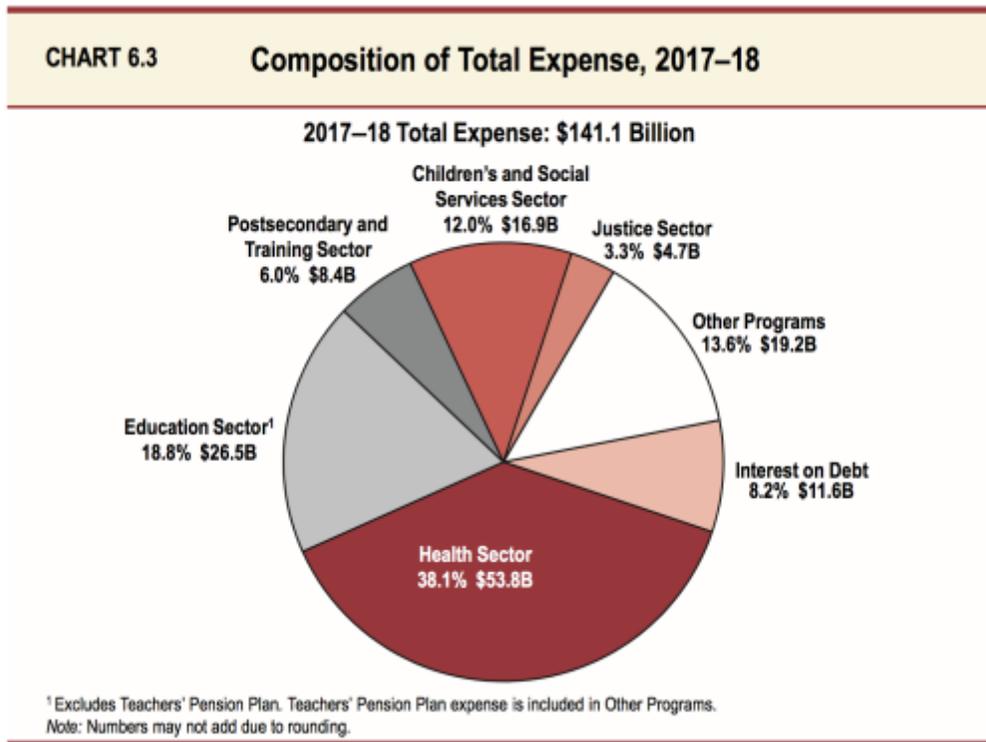
The budget plan will add \$10 billion to the province’s net debt bringing the total debt to \$312 billion, which is higher than \$302 billion projected in the 2016 Fall Economic Statement. By 2019-2020 the Province’s debt is projected to increase to \$336 billion.

The budget projects \$141.7 billion in revenue, with \$100.1 billion from tax revenue, \$25.7 billion from Federal transfers, \$4.9 billion from government enterprises (OLG, LCBO) and \$11.0 billion from other non-tax revenue. Corporate and personal income tax revenue is up from projections in the last budget.

The \$141 billion spending plan includes \$53.8 for the health care sector, \$26.5 billion for the education sector, \$16.9 billion on Children & Social Services and \$11.6 billion on debt service.

**Budget Documents**

The Budget documents, including the complete budget document, budget highlights, the Budget in Brief and what you need to know can be found on the [Governments’ Budget 2017 website](#).



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## **Economic Outlook**

The Ministry of Finance is forecasting 2.0 % average annual growth in Ontario’s real gross domestic product (GDP) over the 2017/2020 period. The Ministry of Finance said that for every \$1 borrowed to spend on infrastructure will increase the GDP by \$6 in the long term.

94,000 net new jobs are expected to be added this year with job growth expected to be 1.1% annually through to 2020.

Ontario’s economy continues to perform well. A balanced and growing economy in the United States, low oil prices and a competitive Canadian dollar provide a solid foundation for future economic growth in Ontario. Rising interest rates and elevated household debt loads pose downside risks. Heightened global uncertainty and rising global protectionist sentiments could potentially weigh down future business, consumer and investor confidence.

## **Construction Related Spending**

The government is adding \$30 billion to long term infrastructure spending. The current infrastructure plan calls for \$190 billion over fourteen years. The Government had originally set out to spent \$30 billion over five years and most recently had planned to spend \$160 billion over twelve years.

The government is creating a Long-Term Infrastructure Plan that describes the Province’s existing infrastructure portfolio, outlines anticipated needs of the portfolio and proposes strategies to meet these needs. The Province plans to release the Long-Term Infrastructure Plan by the end of 2017.

The Province’s updated commitment to make significant infrastructure investments of approximately \$156 billion over the next 10 years, which includes:

- \$56 billion in public transit;
- \$26 billion in highways;
- More than \$20 billion in capital grants to hospitals; and
- Almost \$16 billion in capital grants to school boards.

The 2017/2018 budget includes \$20.7 billion in infrastructure spending including \$10.5 billion for transportation.

2017/2018 infrastructure projects include:

- Several major provincial transit projects are planned or underway across the Greater Toronto and Hamilton Area (GTHA).
- Municipal Infrastructure Projects:
  - Waterloo ION Rapid Transit — Stage 1 includes 17 kilometres of adapted BRT from Fairview Park Mall in Kitchener to Cambridge’s Ainslie Street terminal, as well as 19 kilometres of LRT from Conestoga Mall in Waterloo to Fairview Park Mall in Kitchener.
  - Ottawa LRT — Stage 1 is on track to launch in 2018; all 13 stations are under construction. Following its launch, construction for Stage 2 extensions is scheduled to begin, with projected completion in 2023. The Province is investing about \$1.6 billion towards Stages 1 and 2 of this project.

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- Highway Infrastructure:
    - Rehabilitation of Highway 400, from 16th Sideroad to Lloydtown-Aurora Road in York Region, including reconstruction of the Lloydtown-Aurora Road interchange and the replacement of the 16th Sideroad overpass bridge. Construction is expected to start in 2017 and be completed in 2020.
    - Replacement of the bridges over the Grand River on Highway 401 in the City of Kitchener. Construction is expected to start in 2019 and be completed in 2022.
    - Rehabilitation of Highway 401, from 4.4 kilometres east of Merlin Road to 5.0 kilometres east of Bloomfield Road, and from 2.0 kilometres west of Mull Side Road to 1.4 kilometres west of Victoria Road, in the Municipality of Chatham-Kent. Construction is expected to start in 2018 and be completed in 2020.
  - The Province has announced increased funding for Ontario's Connecting Links program to help municipalities repair roads and bridges connecting two ends of a provincial highway through a community or to a border crossing. In 2017/2018, Ontario will provide \$25 million to 19 municipalities

Other Infrastructure spending:

- Infrastructure Ontario, will establish a new program that would strategically leverage Provincial land assets as a way to build more affordable housing units across the province.
- \$100 million investment in the new Natural Gas Grant Program. The program will support the building of infrastructure to expand access to natural gas to areas currently underserved, including rural, northern Ontario and First Nation communities.
- Ontario will invest \$3 million through the ACCGP in 2017/2018. The ACCGP provides funding for First Nation communities and Indigenous organizations to build or renovate needed community infrastructure, such as community centres, daycare facilities or small business centres.
- The Province is investing \$50 million in 2017/2018 in commuter cycling infrastructure.
- Ontario is investing \$85 million in 2017/2018 to support additional retrofit activities in social housing apartment buildings across the province.
- The Province will invest more than \$22 million in 2017/2018 in electric vehicle (EV) charging infrastructure across the province.
- Ontario will increase the share of revenue municipalities received from the provincial gas tax from \$334 million in 2016/2017 to an estimated \$642 million by 2021/2022, from the existing provincial gas tax. Municipalities can use gas tax funds toward local transit priorities, such as infrastructure and making upgrades.
- The Ontario Community Infrastructure Fund (OCIF), will triple funding to \$300 million per year by 2018/2019 to support renewal of critical road, bridge, water and wastewater infrastructure.

**TABLE 6.16 2017–18 Infrastructure Expenditures**  
(\$ Millions)

Sector	Total Infrastructure Expenditures 2016–17 Interim <sup>1</sup>	2017–18 Plan		
		Investment in Capital Assets <sup>2</sup>	Transfers and Other Infrastructure Expenditures <sup>3</sup>	Total Infrastructure Expenditures <sup>4</sup>
Transportation				
Transit	3,806	5,440	1,736	7,176
Provincial Highways	2,137	2,900	120	3,020
Other Transportation, Property and Planning	642	172	180	352
Health				
Hospitals	2,297	2,588	295	2,883
Other Health	262	81	261	342
Education	2,000	2,636	53	2,689
Postsecondary				
Colleges and Other	721	976	13	989
Universities	318	–	399	399
Social	749	20	454	474
Justice	243	107	227	334
Other Sectors <sup>5</sup>	1,135	646	973	1,620
<b>Total Infrastructure Expenditures</b>	<b>14,311</b>	<b>15,566</b>	<b>4,711</b>	<b>20,277</b>

<sup>1</sup> Includes provincial investment in capital assets of \$8.9 billion.

<sup>2</sup> Includes \$292 million in interest capitalized during construction.

<sup>3</sup> Includes transfers to municipalities, universities and non-consolidated agencies.

<sup>4</sup> Includes third-party investments in hospitals, colleges and schools, and federal contributions to provincial infrastructure investments.

<sup>5</sup> Includes government administration, natural resources, culture and tourism sectors.

Note: Numbers may not add due to rounding.

## **Other highlights**

- A \$7 billion hike in health care funding over the next three years.
- Ontario is continuing to support the transition to the new technology-driven and knowledge-based economy by expanding the Business Growth Initiative to more than \$650 million over 5 years.
- Ontario is launching its new Career Kick-Start Strategy. As part of this initiative, Ontario is investing nearly \$190 million over three years in initiatives aiming to create 40,000 new opportunities for K–12 and postsecondary students, as well as recent graduates.
- The Province free prescription medications to all children and youth aged 24 and under, regardless of family income.

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- A proposed new 15% tax on the price of homes in the Greater Golden Horseshoe bought by people who are not citizens or permanent residents of Canada or by non-Canadian corporations.
  - A proposed Ontario Seniors' Public Transit Tax Credit. The refundable credit would provide a benefit of 15% to seniors on eligible public transit costs starting July 1, 2017.
  - Increasing long-term care funding by \$58 million for improving residential care and increasing the food allowance for long-term care homes by \$15 million
  - Ontario Student Assistance Program (OSAP) will make tuition free for more than 210,000 Ontario students and reduce the cost for many more. The minimum salary that people need to earn is increasing — to \$35,000 from \$25,000
  - Household electricity bills would be reduced by 25% on average through the proposed Fair Hydro Plan. Approximately 500,000 small businesses and farms across Ontario would also benefit. In addition, bills would not increase beyond the rate of inflation for the next 4 years.
  - The Province is investing \$80 million over five years to create the Autonomous Vehicle (AV) Innovation Network, in partnership with Ontario Centres of Excellence.
  - The Province will invest \$130 million over five years in two projects — \$67 million in ENCQOR (Evolution of Networked Services through a Corridor in Québec and Ontario for Research and Innovation) and \$63 million in CENGN (Centre of Excellence in Next Generation Networks). 5G (fifth-generation wireless technology) aims to increase telecommunications network capacity and speed by up to 1,000 times for mobile and connected devices. It will serve as the backbone infrastructure for technologies such as autonomous vehicles.
  - The Province now holds approximately 70 % of Hydro One common shares following the initial public offering in November 2015 and a secondary offering in April 2016. The Province will remain the largest shareholder, while reducing its stake to no less than 40 % over time.
  - Tobacco tax will increase rates by \$10 per carton of cigarettes over the next three years, beginning with an immediate \$2 per carton increase, effective 12:01 a.m., Friday, April 28, 2017.

## **Legislation Initiatives**

Page 292 of the Budget Document lists several legislative initiatives. Highlights of these initiatives:

- Amendments to the Workplace Safety and Insurance Act, 1997 with respect to work-related chronic mental stress, worker benefits and indexation, and Workplace Safety and Insurance Board operational compliance and policy-making authority.
- Amendments to the Ontario Infrastructure and Lands Corporation Act, 2011 to enable Infrastructure Ontario to continue existing loan agreements with Local Distribution Companies (LDCs) that remain at least 90 % municipally owned following an amalgamation with other LDCs.
- Amendments to the Land Transfer Tax Act to restrict the ability of qualifying purchasers to claim their spouse's interest for the first-time homebuyers refund if the spouse is not a Canadian citizen or permanent resident of Canada.
- An amendment to the Taxation Act, 2007 to parallel changes made to the federal small business deduction that would reduce a company's Ontario business limit by the same amount the federal business limit is reduced.