

## Insights



### Ontario Government Releases Ontario's Action Plan: Responding to COVID-19

#### Context

Due to the COVID-19 pandemic, governments around the world have had to respond in unprecedented ways using whatever public policy instruments they have to combat the economic uncertainty this crisis is creating. Ontario had to shelve their budget, which was expected today, in favour of a more focused economic update and one-year plan that accounts for today's current economic reality with targeted measures to address health care capacity, struggling people and the businesses where they work.

On March 25, 2020, Ontario Finance Minister Rod Phillips released *Ontario's Action Plan: Responding to COVID-19* (OAP) in the Legislature. Today's action plan is a fiscal and economic update which constitutes another legislative step in the Ontario government's response to the pandemic.

The OAP is a \$17-billion action plan in response to the COVID-19 pandemic. Funding announced can be divided into the following three categories:

1. Direct support for health care;
2. Direct support for people and jobs;
3. Deferrals to help people and businesses increase cash flow.

The foremost objective of today's fiscal update is to provide stability to Ontario's health care system and support for Ontario's most vulnerable groups. In Ontario's 2020 Action Plan, the deficit is pegged at \$20.5 billion for 2020-21.

The government's intention with this plan is to ensure that immediate challenges are met while still giving Ontario the ability to respond to future capacity challenges associated with COVID-19. Once the government begins to gain clarity on our ability to "flatten the curve", they will begin planning what will be required to support Ontarians in the 'recovery phase'.

The Ontario government has been closely coordinating with the federal government with regard to their public policy responses to COVID-19. These measures are meant to complement each other's plans.

## Further Details

The OAP includes \$17 billion in new support in 2020-21, including \$3.3 billion for health care, \$3.7 billion for people and jobs, and \$10 billion in tax deferrals to attempt to retain liquidity within the economy.

### Direct Support for Health Care – \$3.3 Billion

Today's fiscal update includes \$3.3 billion in additional health care investments, relative to the 2019 Budget. Under the funding announced for Ontario's health care sector is \$2.1 billion in new measures to respond to the COVID-19 outbreak, as well as an additional \$1.2 billion in long-term health care system improvements.

Under this category, the Ontario government has established a \$1-billion contingency fund dedicated to emerging needs related to the COVID-19 outbreak.

In addition to the contingency fund, funding will ensure that Ontario's health care sector is able to adequately respond, despite capacity and other challenges faced as a result of the COVID-19 pandemic. This funding will primarily be directed at hospitals, long-term care, and other, more targeted, public health measures.

The Ontario **hospital sector** will receive \$935 million, which includes \$594 million to accelerate progress on addressing capacity issues and \$341 million for 1000 acute care beds, 500 critical care beds, and over 70 COVID-19 assessment centres. In addition, the government will provide \$124 million to create approximately 1000 bed spaces where patients can be moved from a hospital bed to a transitional care setting.

Ontario's **long-term care sector** will receive \$243 million for surge capacity and virus containment measures such as screening, infection control, and personal protective equipment (PPE). The sector will also see \$80 million for improvements to quality of care and \$23 million for minor capital projects.

**Public health** funding will be increased by \$160 million to support COVID-19 monitoring, surveillance, and laboratory and home testing, as well as investments in virtual care and Telehealth Ontario.

Additional investments targeted at Ontario's health care system will supply front-line staff with PPE and medical supplies (\$75 million), increase home and community care capacity to allow hospitals to direct more resources to COVID-19 patients (\$120 million), support ambulance and paramedics (\$80 million), and deploy more health care workers in rural and remote areas (\$62 million).

### Direct Support for People and Jobs – \$3.7 Billion

Also included in today's update is \$3.7 billion to support people and families, building on coordinated actions with the federal government. Direct measures to support people and jobs announced today include \$2.0 billion in targeted supports, \$290 million in new tax measures, and \$1.5 billion for electricity cost relief.

**Targeted supports** have been announced for the following most vulnerable groups. It is a priority for the Ontario government that these funds can be quickly actioned for immediate relief:

- Seniors – doubling of the Guaranteed Annual Income System payment for low-income seniors and deliveries of meals, medicines and other essential items;
- Parents – will receive one-time payment of \$200 per child up to 12 years and \$250 for those with special needs to help keep children engaged while in self-isolation;
- Students – six months of Ontario Student Assistance Program (OSAP) loan relief, interest-free;
- Workers – funding for skills training programs for workers affected by COVID-19;

- Indigenous people and communities – emergency assistance for urban Indigenous people in financial need, costs for health care professionals and supplies to reach remote First Nations, and funding to address emergency planning needs, and;
- Vulnerable People – expanded access to temporary emergency supports and support for municipal service providers, charities, and not-for-profit groups.

Targeted supports announced today build on earlier measures announced by the Ontario government including electricity cost relief through the suspension of time-of use rates, the provision of no-cost emergency child care for front-line workers, and legislation providing job-protected leave to employees who are away from work due to COVID-19.

In addition, today's update includes the following direct **supports for employers**:

- Temporary increase to the Employer Health Tax exemption, which will cut taxes by \$335 million for approximately 57,000 employers, and;
- The Regional Opportunities Investment Tax Credit, a new 10 per cent refundable Corporate Income Tax credit to support regions lagging in employment growth.

#### Deferrals to Help People and Businesses Increase Cash Flow – \$10 Billion

In addition to the \$7 billion in direct supports announced in today's fiscal update, Ontario is making \$10 billion available to improve cash flows for people and businesses through tax and other deferrals. This includes \$6 billion in deferred taxes for 600,000 businesses, \$1.9 billion in Workplace Safety and Insurance Board (WSIB) expense deferrals for employers, and \$1.8 billion in provincial education property tax deferrals.

**Tax deferrals** will be provided, interest- and penalty-free, for businesses that are unable to file returns, for a five-month period ending August 31, 2020. These deferrals will also apply to select provincially administered taxes including the Employer Health Tax, Tobacco Tax, and Gas Tax.

Municipalities will be given the flexibility to **defer property tax** for local residents and businesses, through the deferral of municipalities' upcoming quarterly remittance of education property tax to school boards. The province will offset the 90-day deferral to ensure that school boards are not affected by this.

Employers will also be given the flexibility to **defer WSIB payments** up to six months. All employers covered by the WSIB's workplace insurance are automatically eligible for the financial relief package. No interest will be accrued on outstanding premium payments and no penalties will be charged during this period.

#### Economic Outlook

Today's fiscal update will provide necessary and immediate assistance to Ontario's health care system and to individuals who are vulnerable or otherwise struggling due to the uncertainty brought about by the COVID-19 pandemic.

Finance Minister Rod Phillips stressed that the next steps of the plan will be responsive to the specific outcomes we are seeing as the economic impacts of COVID-19 become clearer. Information about the economic recovery phase and further economic stimulus measures, while not included in today's outlook, will be considered down the road.

The government has also committed to tabling a full budget with a four-year outlook by November 15, 2020.

