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2025 ONTARIO BUDGET: A PLAN TO PROTECT ONTARIO

Analysis & Overview

Prepared by Sussex

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Ontario 2025 Budget Update

Finance Minister Unveils Plan to Protect Ontario

Ontario's Minister of Finance, the Honourable Peter Bethlenfalvy, released the province's 2025 Budget, [A Plan to Protect Ontario](#), focused on two key pillars: Helping Workers and Businesses Weather the Storm and Protect Ontario.

What You Need to Know

The Ford Government remains focused on protecting Ontario against geopolitical challenges with President Trump by supporting economic growth and job creation.

- Tariff relief remains the government's top priority with \$11.9 billion in cost savings to businesses.
- Economic and Fiscal outlook projections are lower than Budget 2024 projections, with the government not balancing the budget until 2027-2028.
- Support for workers, businesses, and communities to weather the storm is a key theme in Budget 2025.
- Billions of dollars in new funding for critical minerals, housing, health care, and infrastructure.

Economic and Fiscal Outlook

- Real gross domestic product (GDP) increased by 1.5 per cent. Real GDP is projected to rise. However, forecasts are lower than what was projected in the 2024 budget due to US trade policies. Real GDP will rise to 0.8 per cent in 2025, followed by increases of 1.0 per cent in 2026 and of 1.9 per cent in 2027 and 2028.
- Nominal GDP is also projected to increase at a slower pace than projected in Budget 2024.
- The government has pushed out its projections to return to surplus by one year to 2027-2028. The fiscal outlook projected in Budget 2025 includes:
 - Interim 2024–2025: deficit of \$6.0 billion.
 - 2025-2026: deficit of \$14.6 billion.
 - 2026-2027: deficit of \$7.8 billion.
 - 2027-2028: surplus of \$0.2 billion.

- While in 2024–25 total revenue outlook is projected to be \$221.6 billion, \$13.4 billion higher than projected in the 2024 Budget, revenue projections for the medium term are lower than forecast in the 2024 Ontario Economic Outlook and Fiscal Review.
- In 2024–25, program expense outlook is \$212.4 billion, \$11.8 billion higher than in the 2024 Budget. The government's program expense is projected to grow from \$195.2 billion in 2023–24 to \$217.9 billion in 2027–28.
- Ontario is forecast to pay \$15.2 billion in interest costs in 2024–25, which is less than the 2024 Budget forecast due to lower than projected borrowing costs. However, the government's expenses for interest and other debt servicing charges are projected to increase from \$14.5 billion in 2023–24 to \$17.8 billion in 2027–28. The net debt-to-GDP ratio in 2024–25 is forecast to be 2.9 percentage points lower than in the 2024 Budget.
- Ontario is retaining its strategy of keeping a Contingency Fund to protect fiscal integrity against unexpected economic risks. The Contingency Fund in 2025–26 is set at \$3.0 billion and is forecast to expand in the future. The Budget also proposes setting a reserve fund of \$2.0 billion each year from 2025–26 to 2027–28.

Analysis

Against the backdrop of a declaration of what has been called an “Economic War”, the Ford Government released a record \$232.5 billion budget. The government has responded to Donald Trump’s tariffs with a host of tariff relief programs, delaying Ontario’s plans to be in surplus by a year, to 2027–2028.

While the United States’ approach to its trade relationships requires measures to defend Ontario, and largely, Canada’s economy, it has also been a catalyst to take the steps necessary to make Ontario’s economy more competitive and resilient. Ford’s budget does double duty, committing tens of billions to support businesses facing tariff-related disruptions while supporting stakeholders like First Nations communities and their role in the development of Ontario’s minerals sector.

When the Ford Government took office in 2018, its focus was making Ontario “Open for Business”, which has taken on a whole new meaning under the second Trump mandate. The Government has been given the license by President Trump, supported by public sentiment, to realize their economic aspirations by making the changes to policy and regulation that many proponents of large-scale development, like mining and energy, have long called for.

Red tape and obstacles to growth have always been a target for this Premier. With Donald Trump taking aim at Ontario’s marquee industries, the Ford Government has the opportunity to make the regulatory and legislative changes that will enable Ontario to remain a global leader for the next 50 years.

Budget Highlights

1. Critical Minerals

- A new \$500 million to create the Critical Minerals Processing Fund (CMPF) to accelerate processing capacity.
- Advance all season road projects in the Ring of Fire to improve access to service and opportunities for Indigenous and Northern communities.
- Relaunch existing \$1 billion Aboriginal Loan Guarantee Program as a \$3 billion Indigenous Opportunities Financing Program and expand eligibility beyond the electricity sector to support Indigenous participation in additional sectors.
- Expand the Indigenous Participation Fund by \$70 million over four years to support Indigenous communities and organizations capacity to participate in regulatory processes associated with mineral exploration and mine development.
- Additional \$10 million to support Ontario's Junior Exploration Program (OJEP) to help junior mining companies to cover eligible costs for mineral exploration and development.
- Additional \$5 million over two years to support the Critical Minerals Innovation Fund (CMIF) to encourage innovation and reduce reliance on foreign sources of critical mineral and their processing.

2. Tariff Support and Economic Development

Support for Businesses

- \$11.9 billion in savings for Ontario Businesses, with \$5.6 billion for small businesses
 - \$7.2 billion to lower payroll costs.
 - \$1.8 billion to provide electricity and price relief.
 - \$1.3 billion for income, property, and tax relief.
 - \$1.6 billion in cancelling the cap-and-trade carbon tax.
- Providing a six-month interest and penalty-free period for Ontario businesses that choose to defer payments under select provincially administered taxes.
- Creating the Protecting Ontario Account (POA), a fund of up to \$5 billion designed to provide businesses with support to protect jobs, grow strategic sectors of the economy, and support businesses affected by tariff-related disruptions.
- Enhancing the Invest Ontario Fund by adding \$600 million in additional funding.
- Additional \$1.3 billion in support to businesses over three years by temporarily enhancing and expanding the Ontario Made Manufacturing Investment Tax Credit (OMMITC), including an increase to the rate for eligible expenditures from 10% to 15% and broadening eligibility to both Canadian-controlled private corporations (CCPCs) and non-CCPCs. This will deliver \$1.3 billion over three years in support for businesses investing in manufacturing buildings, machinery, and equipment.
- Introducing the Ontario Together Trade Fund, including a \$50 million investment, to help businesses retool and retrain to find new customers in new markets and reshore critical supply chains.

- Expanding the Skills Development Fund (SDF) by \$1 billion over three years, starting in 2025-26, to train and reskill workers impacted by U.S. tariffs and build new training centres across the province.
- Up to \$40 million in grants through the new Trade-Impacted Communities Program (TICP) to support projects that help communities and local industries respond to trade disruptions.
- Launching the new Ontario Shipbuilding Grant Program with an investment of \$200 million to support the shipbuilding industry.
- Committing to eliminate internal trade barriers, enhance labour mobility, and promote mutual recognition of goods, services, and certified workers across provinces.

Support for Workers

- \$20 million in 2025-26 to mobilize new training and support centres to provide immediate transition support for laid-off workers, including those impacted by U.S. tariffs.
- Additional \$159.3 million over three years to support ongoing growth in various skilled trades programs, including expanding the In-Class Enhancement Funds to grow the skilled trades workforce.
- Additional \$50 million into the Better Jobs Ontario program in 2025-26 to support vocational and skills training to enable workers to transition into in-demand jobs and support key labour markets.
- Additional \$16.5 million towards the Black Youth Action Plan to help Black youth develop skills for high-demand sectors.
- Additional \$2 billion in employer rebates through the Workplace Safety and Insurance Board (WSIB) to help safe employers keep more workers on the job.

3. Health

- Up to \$2.1 billion in Ontario's Primary Care Action Plan
 - \$300 million over the next four years, including \$60 million in 2025-26, to expand Primary Care Teaching Clinics capacity.
 - Creating and expanding more than 305 additional primary care teams to connect approximately two million people to primary care, including investing more than \$235 million in 2025-26 to establish and expand up to 80 additional primary care teams across the province that will connect 300,000 more people to primary care this year.
- Up to \$280 million over two years to expand Integrated Community Health Service Centres, providing MRI and CT scans, endoscopy procedures, and orthopedic surgeries.
- Additional \$103 million in planning grants for seven hospitals to address capacity issues, aging infrastructure, and growing service demands.
- Additional \$100 million in 2027-28 to expand the Ontario Fertility Program.

- Additional \$261.7 million over three years in the Ontario Learn and Stay Grant to increase the number of nurses, paramedics, and medical laboratory technologists in underserved and growing regions.
- Additional \$159.6 million, beginning in 2026-27, to expand the Ontario Learn and Stay Grant to a total of four cohorts of medical school students.
- Launching a new construction funding support program to ensure long-term care operators and builders have additional flexibility and support to construct facilities.
- Over \$303 million over the next three years to stabilize the community-based mental health and addictions services sector.

4. *Housing & Infrastructure*

- \$200 billion investment over 10 years to strengthen communities and support Ontario's future.
- Up to \$5 billion added to the Building Ontario Fund to unlock infrastructure projects in energy, housing, long-term care, and transit.
- \$400 million for the Municipal Housing Infrastructure Program and Housing-Enabling Water Systems Fund to meet high demand.
- \$50 million over five years through Invest Ontario to boost modular construction and support local industry, affordability, and innovation.
- Introducing a temporary Ontario Shortline Railway Investment Tax Credit, providing \$23 million over three years through a 50% refundable corporate tax credit for eligible track maintenance and rehabilitation.
- Expanding the Indigenous Opportunities Financing Program to \$3 billion and beyond electricity projects.
- Extending investments in the Ontario Automotive Modernization Program (O-AMP) and the Ontario Vehicle Innovation Network (OVIN), through a total investment of \$85 million.

5. *Energy*

Previous energy funding announcements were reiterated in Budget 2025

- [Advancing four Small Modular Reactors](#) (SMRs) at Darlington (1,200 MW total) at a cost of \$20.9 billion.
- [Initiating pre-development work for the 1,000 MW Ontario Pumped Storage Project](#) in partnership with TC Energy and the Saugeen Ojibway Nation at a cost of up to \$285 million.
- [Investing \\$4.7 billion to expand hydroelectricity supply](#) and securing up to 5,000 MW of clean electricity in Northern Ontario through OPG.
- [Expanding the Long Term 2 Procurement from 5,000 MW to 7,500 MW](#) to meet growing energy demand.
- [Doubling the Hydrogen Innovation Fund to \\$30 million](#) to integrate hydrogen into the power supply.

- [Launching a \\$10.9 billion energy efficiency and demand management incentive plan.](#)
The plan offers rebates for heat pumps, smart thermostats, windows, and is expected to yield \$23.1 billion in electricity system benefits and \$12.2 billion in savings by avoiding new infrastructure.

6. Keeping Costs Down

- Removing tolls from Highway 407 East from Brock Road to Highway 35/115, effective June 1, 2025, to save daily commuters an estimated \$7,200 annually.
- Amending the Gasoline Tax Act and the Fuel Tax Act to keep provincial rates of tax on gasoline at 9 cents per litre, saving households about \$115 per year.

Next Steps

Now that the Minister of Finance has presented the budget in the Legislative Assembly and given the accompanying Budget Speech, it will be debated in the House, enabling Members of Provincial Parliament (MPP) to propose amendments which will later be voted on. The Budget will then move to the Standing Committee on Estimates for review. It's then voted on in third reading and receives royal ascent.

Over the next few weeks, the Minister of Finance will travel across Ontario to reiterate the Budget initiatives through a number of echo announcements with other Ministers and relevant stakeholders.

Happy to Help

We are pleased to provide this analysis to Sussex clients and contacts. As always, please feel free to contact your Sussex consultant with any questions.

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