sussex

ONTARIO FALL ECONOMIC STATEMENT 2025

Analysis & Overview

Prepared by Sussex Strategy Group

November 6, 2025

Ontario 2025 Fall Economic Statement
A Measured Update Ahead of a Defining Fiscal Milestone

What You Need to Know

- The Ontario government's 2025 Fall Economic Statement (FES) includes two key themes: Protecting Workers and Businesses and Building a Competitive Economy.
- This year's FES is a traditional fiscal update for the government with minimal new spending items, including:
  - Investing more than $1.1 billion over three years to support an 8 per cent increase in home care volumes in 2025–26 and to support the expansion and sustainability of the Hospital to Home (H2H) program.
  - An additional $100 million in the Ontario Together Trade Fund (OTTF) to further help small- and medium-sized enterprises diversify into new markets and strengthen trade resiliency.
  - Rebating the full provincial portion of the HST for first-time home buyers of most new homes.
- Ontario's economy remains resilient but has been negatively impacted by US trade policy, weaker global economic outlook, inflation and interest rates.
- Ontario's 2025-26 deficit is projected to be smaller at $13.5 billion, an improvement of $1.1 billion from the 2025 Budget. The government is still projected to balance the budget in two years.

Analysis

Unlike previous Fall Economic Statements—such as 2024's, which featured pre-election-style spending and new program launches—Ontario's 2025 FES reflects a return to traditional fiscal fundamentals. While it carries some of the tone of a mini budget, its substance is more restrained, focused on reinforcing existing commitments rather than introducing sweeping new initiatives.

The statement centres on two broad themes: Protecting Workers and Businesses and Building a Competitive Economy. In the legislature, Finance Minister Peter Bethlenfalvy emphasized updating the province's financial outlook and maintaining fiscal discipline amid global economic uncertainty.

While some new measures were announced in the lead-up to the FES, they were modest in scope and did not shift the overall tone of the statement.

Minister Bethlenfalvy's remarks continued to reflect a sober assessment of Ontario's economic resilience, citing inflationary pressures, interest rate volatility, and shifting US trade policy as key challenges. The projected deficit for 2025–26 is now expected to improve by $1.1 billion over the spring budget, landing at $13.5 billion—signalling a cautious but steady approach to fiscal management.

With the federal government having released its budget just days prior, Ontario's FES serves more as an interim update than a policy-defining moment. The province used the opportunity to reiterate its asks of Ottawa—from support for the Ring of Fire to enhanced investment tax credits for nuclear—and will now look to federal developments on trade and fiscal policy.

Ultimately, the forthcoming 2026 Budget will represent the province's principal fiscal and policy-defining opportunity. It is expected to offer a more comprehensive and substantive roadmap, shaped by federal actions, economic conditions, and the government's long-term strategic priorities.

Sector Highlights

1. *Tariff Support and Economic Development*

Supporting Tariff-Impacted Workers and Businesses

- Through FES, the government is investing an additional $100 million in the Ontario Together Trade Fund to further help small and medium-sized enterprises diversify into new markets and strengthen trade resiliency, bringing a total program funding to $150 million over three years.

- Building on the first phase of the Protecting Ontario Account, the government is developing its second and third streams, investing the remaining $4 billion to help businesses.

- FES also echoes the $1 billion provincial funding for liquidity support under the Protect Ontario Financing Program to Ontario based businesses affected by higher tariffs, including an investment of $500 million with the federal government (with $100 million coming from Ontario) in Algoma Steel.

- The province is reiterating its six-month interest and penalty free period for any Ontario businesses that chose to defer payment under select provincially administered taxes, which made up to $9 billion available in liquidity relief to about 80,000 businesses.

- The government will continue to leverage the estimated $30 billion of annual procurement spend and supply Ontario to focus on made-in Ontario goods and services.

Unleashing Our Economy

While no new funding commitments were made, the government echoed previously announced initiatives such as:

- Reiterating the $600 million allocated to the Invest Ontario Fund, bringing the Fund total to $1.3 billion, to provide Invest Ontario with more predictability for investors and help ensure Ontario remains a competitive destination for investment and growth.

- Restating an additional $90 million investment in venture capital (VC) funding through Venture Ontario, including $50 million to Ontario-based VC funds focused on technologies that support national defense and related technologies, as well as $40 million to life sciences companies and biomanufacturers to innovate and grow.

- Echoed legislative amendments to ensure that AI systems are used transparently, accountably and responsibly in both the public and broader public sectors through the Enhancing Digital Security and Trust Act, 2024.

- Building on its commitment in the budget by introducing legislation to enhance and expand the Ontario Made Manufacturing Investment Tax Credit. This includes proposing to temporarily enhance the tax credit rate from 10 per cent to 15 per cent and expand access to the tax credit as a 15 per cent non-refundable version to corporations that are not Canadian-controlled private corporations. The government is also proposing to amend the eligibility criteria for investments in machinery and equipment to provide greater flexibility for businesses.

2. *Health*

- More than $1.1 billion over three years in new funding to support an 8 per cent increase in home care volumes in 2025–26 and to support the expansion and sustainability of the Hospital to Home (H2H) program.

- Providing up to 123 beds for Halton Healthcare Services within the next 18 to 24 months through renovation of existing space in the Oakville Trafalgar Memorial Hospital and Milton District Hospital to serve as a regional hub.

- Expanding access to diabetes care in Durham Region by renovating and expanding the Charles H. Best Diabetes Centre in Whitby to help meet growing demand and will improve the quality of care for individuals and families living with Type 1 diabetes.

- Introducing legislation that, if passed, would enable an Any Willing Provider framework, along with introducing a standardized, transparent process for patients to seek exemptions from PPNs where appropriate. The framework would enable any pharmacy willing to match a PPN's financial terms to join, enabling expanded consumer choice and competition in the pharmacy sector, while maintaining cost-effective access to medications.

3. *Energy*

While no new funding commitments were made, the government continues to highlight the importance of the province's energy sector to economic development and protecting Ontario. The government echoed previously announced initiatives such as:

Federal Support

- To support Ontario's development of energy and electrification infrastructure, Ontario is urging the federal government to enact and enhance Clean Economy Investment Tax Credits (ITCs).

Nuclear

- Ontario's nuclear refurbishment and build-out plan is expected to contribute about $160 billion to Canada's GDP during construction and $630 billion during operations, with close to 80,000 jobs created during construction and another 64,000 jobs during operations. These projects include:
    - Funding the construction of four Small Modular Reactors (SMRs) at Darlington with an investment of $1 billion through the Building Ontario Fund and additional funding from the federal government.
    - Advancing early-stage planning for new large-scale nuclear energy generation at the Bruce site and at Ontario Power Generation's (OPG) Wesleyville site in Port Hope.
    - Considering OPG's plan to proceed with the next steps towards refurbishing four units at the Pickering Nuclear Generating Station, and supporting the refurbishment of units at the Darlington and Bruce Nuclear Generating Stations.

Hydrogen

- Ontario reiterated its previously announced additional $30 million round of the Hydrogen Innovation Fund to integrate low-carbon hydrogen into the grid and industry.

- Ontario has asked the Independent Electricity System Operator (IESO) to provide recommendations for a hydrogen interruptible rate pilot that could offer hydrogen producers discounted electricity rates in exchange for reducing consumption during peak demand periods. The province is also exploring options to regulate hydrogen pipelines.

Indigenous Energy Support

- Echoing their announcement from August 2025, the funding for the Indigenous Energy Support Program was increased by $10 million to $25 million annually, including a new stream of up to $500,000 for diesel-reliant communities to build transmission and generation infrastructure.

4. *Critical Minerals and Major Projects*

While no new funding commitments were made, the government echoed previously announced initiatives such as:

- Creating Special Economic Zones to enable expedited approvals for priority projects.

- Launching the One Project, One Process framework to streamline the approvals process for advanced exploration and mine development projects.

- Advancing all-season road projects to unlock the Ring of Fire region.

- Investing $500 million to create the Critical Minerals Processing Fund to support existing facilities and the construction of new processing facilities.

- Providing up to $10 million for the Ontario Junior Exploration Program in 2025 to assist junior mining companies with mineral exploration and development costs and introducing two new features, the Prospector Stream and Enhanced Indigenous Participation Funding.

- Injecting an additional $7 million to the Critical Minerals Innovation Fund to launch a new intake.

- Transitioning the Indigenous Opportunities Financing Program from the Ontario Financing Authority to the Building Ontario Fund and expanding the fund to additional. priority sectors, to be determined in consultation with First Nations, Métis, and Inuit communities and organizations, along with infrastructure financing experts.

5. *Housing & Infrastructure*

- Rebating the full provincial portion of the HST for first-time home buyers of most new homes.

- Reemphasizing support for municipalities to build up Ontario's communities through the Municipal Housing Infrastructure Program (MHIP) and Ontario Municipal Partnership Fund (OMPF) by allocating $1.6 billion through the MHIP to speed up construction on homes and critical infrastructure and completing the enhancement of the OMPF with a $100 million increase over two years to help deliver critical services.

- Continuing to invest Ontario's capital plan, with planned investments totalling more than $201 billion over 10 years, including over $33 billion in 2025–26.

6. *Financial Services and Modernizing Pension Plans*

- Ontario is calling on the federal government to work with provinces to establish a regulatory framework that enables both innovation and stability in the Canadian stablecoin sector.

- The government is proposing legislative amendments to the Credit Unions and Caisses Populaires Act, 2020 to expand credit unions' access to diverse public and private sources of capital.

- The Ontario Securities Commission is implementing reforms that reduce regulatory burden and accelerate access to capital to help Ontario compete at the highest international standards. This includes:

  - Increasing the maximum amount of capital that can be raised under the listed issuer financing exemption within a 12-month period, allowing eligible reporting issuers to secure significantly greater amounts of capital more efficiently.

  - Launching a multi-year pilot project to allow smaller public venture companies to file certain financial reports semi-annually rather than quarterly, cutting compliance costs and freeing up resources for innovation.

- The government is introducing legislation that, if passed, would amend the *Ontario Municipal Employees Retirement System Act, 2006* (OMERS) to enhance OMERS' governance, transparency, and accountability.

- Further expanding the Jointly Sponsored Pension Plans (JSPP) conversion framework with amendments that would enable the conversion of a defined contribution plan to a JSPP.

Next Steps

Bill 68, *Plan to Protect Ontario Act (Budget Measures), 2025 (No. 2)*¸will be debated in the legislature over the next few weeks and with the government's majority it is expected to pass before the end of this sitting session.

The government is also expected to launch its pre-budget consultations soon which will give stakeholders the opportunity to share their ideas for the 2026 budget.

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.

Giancarlo Drennan, Vice-President and Ontario Practice Group Lead
gdrennan@sussex-strategy.com

Jessica Georgakopoulos, Vice-President, Ontario
jgeorgakopoulos@sussex-strategy.com

Mackenzie Taylor, Director, Ontario
mtaylor@sussex-strategy.com

Carys Baker, Director, Ontario
cbaker@sussex-strategy.com

Grace Lin, Associate, Ontario
glin@sussex-strategy.com

Faria Amin, Associate, Environment
famin@sussex-strategy.com

Carol Dinno, Associate
cdinno@sussex-strategy.com