



Policy Solutions for Ontario's Prosperity

A Long-Term Economic Recovery Agenda for Ontario

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Ontario 360's purpose is to scan Ontario's economic opportunities and challenges and develop evidence-based public policy ideas to inform and shape the Ontario government's own policy planning and development. Ontario 360 is independent, non-partisan, and fact-based. It provides a neutral platform for policy experts to put forward clear, actionable policy recommendations to promote a growth and opportunity agenda for Ontario.

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Introduction

Ontario has been severely disrupted by the COVID-19 crisis, and with it has come a severe disruption of the province's public policy priorities. The government's agenda is fully oriented now to managing the public health impact of the global pandemic and its economic consequences. The provincial budget was postponed, given the uncertainty of fiscal planning; government resources – funds and people – were reassigned en masse to the new emergency.

Such extraordinary steps were needed and are paying off as the government starts to turn its attention from emergency to recovery.

The government has recently outlined its “framework for reopening the province.”¹ The plan is gradual and mostly short-term oriented. It set out principles and guideposts that aim to balance the competing objectives of minimizing public health risks and restoring economic activity. The government's careful approach has generally received positive reviews.²

The transition from economic stabilization to economic renewal will be highly challenging. The strength of Ontario's recovery will depend on a wide range of factors including (but not limited to): availability of testing and treatments; coordination with neighbouring provinces and U.S. states, including around complex supply chains; business and investor confidence; global economic conditions; and so on.

Many of these forces are outside of the Ontario government's control. There is nothing it can do, for instance, to bring greater prudence and stability to the White House's planning process. Instead the Ontario government will need to focus on its own policy levers and the steps it can take, unilaterally or in combination with the federal government and other jurisdictions, to rebuild economic confidence.

This will necessarily involve a combination of short- and long-term measures. Short-term measures include sectoral rules for reopening, and the child-care support necessary for such reopening. Longer-term measures should include, in addition to the continued steps to ensure effective reopening, a suite of policy reforms to catalyse investment and opportunity.

This policy brief by the *Ontario 360* project is focused on those potential reforms. It draws on *Ontario 360*'s catalogue of nearly 50 papers over the past two years to suggest

¹ Government of Ontario, “Ontario unveils guiding principles to reopen the province,” Press Release, April 27, 2020. <https://news.ontario.ca/opo/en/2020/04/ontario-unveils-guiding-principles-to-reopen-the-province.html>.

² See for instance Josh Pringle, “Ontario's three phase plan to reopen economy ‘makes sense’: Mayor Watson,” CTV.ca, April 27, 2020. <https://ottawa.ctvnews.ca/ontario-s-three-phase-plan-to-reopen-economy-makes-sense-mayor-watson-1.4913900>; and David Waddell, “Locals applaud Ontario's ‘cautious’ plan to reopen the economy,” Windsor Star, April 27, 2020. <https://windsorstar.com/news/local-news/locals-applaud-ontarios-cautious-plan-to-reopen-economy/>.

the makings of a longer-term policy agenda for the Province of Ontario.

Ontario 360's diverse group of policy experts and practitioners has produced hundreds of recommendations in those papers. Some have been adopted by the provincial government. Others are even more timely and relevant in light of the current crisis.

Our goal now is to take another look at those policy recommendations with an eye towards leveraging *Ontario 360's* body of research to assist in the government's recovery agenda.

This paper focuses on 60 policy recommendations in five areas most relevant to Ontario's long-term recovery:

- (1) government finances and fiscal policy;
- (2) manufacturing and competitiveness;
- (3) health-care supply chains; (4) capital infrastructure and skills development; and
- (5) income support programming.

These policy recommendations are not meant to be exhaustive. The goal here is to leverage *Ontario 360's* pre-existing work in the current context.

Future *Ontario 360* policy briefs, briefing memos, and policy breakfast sessions will be dedicated to developing additional research and analysis focused on a post-COVID-19 agenda for the Province of Ontario. This future work will cover the five key areas outlined in this paper as well as other policy areas relevant to restoring investment and opportunity in the province.

Setting the Context

Much has changed since *Ontario 360* released the final paper of its Winter 2020 programme on February 27. The provincial budget was slated for March 25. The government's 2019-20 deficit was projected to close at \$9 billion and the plan remained to "continue on our path to balance the books by 2023-24."³ The coronavirus was barely part of the public's consciousness or the government's planning.

But the situation was fast moving. The first reported case of COVID-19 in the province was on January 22.⁴ By March 17, the provincial government had evidence of community transmission and declared a state of emergency. Non-essential businesses were shut down and a social distancing regime took effect. As part of this first phase of the government's policy response, the provincial budget was postponed.

On March 25, Finance Minister Rod Phillips instead announced a one-year economic and fiscal update focused on COVID-19.⁵ The update outlined various immediate measures to complement federal actions to support public health and stabilize businesses and households, including funding for hospitals, students, families, seniors, and so on.

As a result, the 2020-21 deficit was projected to be \$20.5 billion⁶ rather than the \$6.7 billion anticipated in the 2019 fall economic statement mere months earlier.⁷ And even this projection is subject to considerable downside risk. Consider, for instance, that the March update projected 0.0 percent economic growth in 2020. This is optimistic, at best. The March update anticipated that annual revenues for 2020-21 would be basically flat relative to 2019-20. That also seems highly unlikely for the same reason.

The negative economic effects of the COVID-19 crisis have been staggering. The province lost 400,000 jobs in March and another 690,000 in April.⁸ Statistics Canada estimates that the national economy fell by 9 percent in March, which represents the largest one-month

³ Government of Ontario, "Ontario to Release 2020 Budget on March 25," Press Release, March 4, 2020. <https://news.ontario.ca/mof/en/2020/03/ontario-to-release-2020-budget-on-march-25.html>.

⁴ Canadian Press, "First Canadian coronavirus case officially confirmed, second is presumptive, 19 people under investigation," National Post, January 27, 2020. <https://nationalpost.com/news/canada/ontario-confirms-second-coronavirus-case-the-wife-of-the-first-case>.

⁵ Government of Ontario, Ontario's Action Plan 2020: Responding to COVID-19 (March 2020 Economic and Fiscal Update), March 25, 2020. <https://budget.ontario.ca/2020/marchupdate/pdf/2020-marchupdate.pdf>.

⁶ To put this in perspective: the Ontario government recorded annual deficits of \$19.3B in 2009-10 and \$17.3B in 2010-11 during the global financial crisis. Government of Canada, Annual Fiscal Reference Tables 2019, September 2019. <https://www.canada.ca/content/dam/fin/publications/frt-trf/2019/frt-trf-19-eng.pdf>.

⁷ Government of Ontario, A Plan to Build Ontario Together (2019 Ontario Economic Outlook and Fiscal Review), 2019. <https://budget.ontario.ca/2019/fallstatement/pdf/2019-fallstatement.pdf>.

⁸ Nick Boisvert, "Ontario lost 400,000 jobs in March, but more dire figures may still be on the way," CBC.ca, April 9, 2020. <https://www.cbc.ca/news/canada/toronto/ontario-march-jobs-covid19-1.5527942>.

decline in GDP in nearly 60 years.⁹ Various Canadian and U.S. organizations envision a massive drop in economic activity in the second quarter.¹⁰ This course of the second half of 2020 depends on timing around business reopening and the state of business and consumer confidence, more generally.

To this end, the government has launched a new Cabinet committee, the Ontario Jobs and Recovery Committee, to oversee a post-COVID-19 economic strategy.¹¹ The committee, chaired by Finance Minister Phillips, has been tasked with “develop[ing] a roadmap to a stronger, more prosperous Ontario.” The committee’s roadmap will ostensibly cover both the short-term transition from economic stabilization to economic renewal and “a long-term, strategic vision.”

The broad brushstrokes of the transition period were recently outlined by the government. Its framework for reopening the economy involves multiple phases with different checkpoints along the way.¹² The process will be incremental and iterative. The timeline is still mostly indeterminate.

It is just as important that members of the Ontario Jobs and Recovery Committee maintain a parallel focus on the longer-term horizon. The *Ontario 360* project intends to orient its research and policy agenda in 2020-21 in order to help. Readers and participants can anticipate this phase of *Ontario 360*’s programme to launch in earnest in the coming weeks and months.

⁹ Statistics Canada, “Gross domestic product by industry: Nowcast, March 2020, April 15, 2020. <https://www150.statcan.gc.ca/n1/daily-quotidien/200415/dq200415a-eng.htm>.

¹⁰ White House economic adviser Kevin Hassett recently said that he anticipates GDP to fall between 20 and 30 percent representing the largest negative growth rate since the Great Depression. David Sherfinski, “Second-quarter GDP will be the biggest negative since Great Depression,” Washington Times, April 27, 2020. <https://www.washingtontimes.com/news/2020/apr/27/kevin-hassett-q2-gdp-will-be-biggest-negative-numb/>.

¹¹ Government of Ontario, “Ontario starts planning for economic recovery,” April 9, 2020. <https://news.ontario.ca/opo/en/2020/04/ontario-starts-planning-for-economic-recovery.html>.

¹² Government of Ontario, A Framework for Reopening our Province, April 27, 2020. <https://files.ontario.ca/mof-framework-for-reopening-our-province-en-2020-04-27.pdf>.

Key Pillars of an Economic Recovery Strategy

As a first step, *Ontario 360* has scanned its catalogue of policy briefs and briefing memos to identify policy recommendations that are relevant for an economic recovery strategy for Ontario. We have plenty of content to work with. *Ontario 360* has published nearly 50 policy briefs and briefing memos over the past 24 months.

We have sought to organize these policy recommendations according to the key areas most relevant to Ontario's long-term recovery: (1) government finances and fiscal policy; (2) manufacturing and

competitiveness; (3) health-care supply chains; (4) capital infrastructure and skills development; and (5) income support programming.

Government finances and fiscal policy

The government's fiscal plan has been disrupted by falling revenues and large-scale spending increases. Balancing the budget by 2023-24 is now highly improbable. That is understandable, given the circumstances. But the province had been subject to credit downgrades and growing concerns about its fiscal sustainability prior to the crisis.¹³ It will be important therefore that the government move deliberately to restore fiscally-sound processes and benchmarks regarding provincial spending in order to stabilize its budget and control the growth in the province's debt-to-GDP ratio. (Ontario's net debt to GDP ratio of 39.9 per cent in the 2019-20 fiscal year was the highest

among the provinces, according to a report issued in March by RBC.¹⁴)

Previous *Ontario 360* policy briefs and briefing memos set out useful policy recommendations to inform these efforts including:

- Launch a comprehensive spending review similar to the 2012 Drummond Report in order to enact fiscal reforms to achieve efficiencies and restructure public spending. Key sectors that should be targeted include health, education, and social services as well as capital project financing and business subsidies and assistance to the corporate sector.¹⁵

¹³ Livio Di Matteo, Fiscal Policy, *Ontario 360*, April 11, 2018.

<https://on360.ca/policy-papers/restoring-long-term-fiscal-sustainability/>.

¹⁴ RBC Economics, Canada Federal and Provincial Fiscal Tables, March 20, 2020.

http://www.rbc.com/economics/economic-reports/pdf/canadian-fiscal/prov_fiscal.pdf.

¹⁵ Livio Di Matteo, Fiscal Policy, *Ontario 360*, April 11, 2018.

<https://on360.ca/policy-papers/restoring-long-term-fiscal-sustainability/>.

- Adopt a version of the federal government’s strategic review process (2007 to 2009) in the province’s multi-year planning process in order to scrutinize existing spending and limit the growth of new program spending.¹⁶
- Move to outcomes-based budgeting in order to establish a baseline for greater measurement, review, and reform.¹⁷
- Establish an annual program expenditure target that does not exceed economic growth plus population growth.¹⁸ This spending target could be codified in legislation or operationalized as an internal government policy. But the goal is to place some clear and measurable constraints on the growth of new program spending until the deficit is reduced.
- Root Ontario’s Smart Initiatives in the key conditions for successful government transformations: (1) clear metrics and benchmarks, (2) technology and project management capacity, (3) conservative saving estimates, and (4) cybersecurity risk mitigation.¹⁹
- Leverage government decentralization (including offices and staff) to achieve efficiencies and support economic activity in rural and economically distressed parts of the province.²⁰

Economic competitiveness and manufacturing

Ontario’s “Open for Business” agenda will assume new importance in the aftermath of the COVID-19 crisis. The restoration of economic growth will not only be critical for getting Ontarians back to work, it will be key to addressing the province’s structural budgetary challenges. There is no more important long-term imperative than to supercharge Ontario’s growth and productivity. Put bluntly: the difference

between 2-percent growth and 3-percent growth will be massive for the province’s businesses, households, and governmental balance sheets.

The long-term challenge posed by Ontario’s weak industrial capacity has been exacerbated by the experience of the COVID-19 crisis. Premier Ford and other members of the government have talked about the need to rebuild the province’s

¹⁶ Kevin McCarthy and Sean Speer, Supporting Ontario’s Fiscal Strategy, Ontario 360, November 26, 2019. <https://on360.ca/policy-papers/supporting-ontarios-fiscal-strategy/>.

¹⁷ Josh Hjartarson, Public Sector Reform, Ontario 360, April 25, 2018. <https://on360.ca/30-30/public-sector-reform-transition-briefing/>.

¹⁸ Livio Di Matteo, Fiscal Policy, Ontario 360, April 11, 2018. <https://on360.ca/policy-papers/restoring-long-term-fiscal-sustainability/>.

¹⁹ Kevin McCarthy and Sean Speer, Supporting Ontario’s Fiscal Strategy, Ontario 360, November 26, 2019. <https://on360.ca/policy-papers/supporting-ontarios-fiscal-strategy/>.

²⁰ Kevin McCarthy and Sean Speer, Supporting Ontario’s Fiscal Strategy, Ontario 360, November 26, 2019. <https://on360.ca/policy-papers/supporting-ontarios-fiscal-strategy/>.

manufacturing capacity in order to minimize the risks of fragile supply chains. Self-sufficiency is not the right objective per se. But it does seem highly likely that the Ontario government, like many others around the world, will place a renewed emphasis on sustaining certain industrial capacities as part of a post-COVID-19 risk mitigation strategy.

The government had taken steps to enhance the province's economic competitiveness prior to the crisis – including lowering taxes on capital investment, rationalizing regulations, reforming business support programs, and so on. But, as one of us has written for *Ontario 360*, “it is important to remember that economic competitiveness is not a static policy objective.”²¹ It is an ongoing process to improve the conditions for investment and productivity growth. More work is certainly required.

Previous *Ontario 360* policy briefs and briefing memos set out useful policy recommendations to inform these efforts including:

- Consider revenue neutral tax reforms by lowering the provincial tax rate by 1.5 percentage points to 10 percent²² (which was previously legislated in 2009) and reforming current provincial tax expenditures or working with the federal government on base-broadening reforms with respect to the favourable tax treatment of debt financing.²³
- Launch an ambitious trade and investment attraction agenda including (but not limited to) strengthening relationships with bordering U.S. states.²⁴
- Adopt a “2-for-1” regulatory budgeting model and establish a separate challenge function within the government focused on managing the province's overall regulatory budget.²⁵
- Move to a “single window” for business approvals involving multiple ministries and regulatory agencies.²⁶
- Establish a network of manufacturing institutes across the province informed by the Manufacturing USA model. The provincial government should consider

²¹ Sean Speer, Economic Competitiveness, Ontario 360, April 22, 2018. <https://on360.ca/30-30/economic-competitiveness-transition-briefing/>.

²² A back-of-the-envelope calculation suggests that it would cost the government roughly \$1.3 billion to lower the corporate tax revenue per percentage point. Sean Speer, Economic Competitiveness, Ontario 360, April 22, 2018. <https://on360.ca/30-30/economic-competitiveness-transition-briefing/>.

²³ Jack Mintz, Tax Policy, Ontario 360, April 23, 2018. <https://on360.ca/30-30/tax-policy-transition-briefing/>.

²⁴ Paul Boothe, Alister Smith, and David Moloney, Manufacturing Sector, Ontario 360, April 10, 2018. <https://on360.ca/30-30/manufacturing-sector-transition-briefing/>.

²⁵ Paul Boothe and Alister Smith, Economic Competitiveness, Ontario 360, October 15, 2018. <https://on360.ca/policy-papers/economic-competitiveness/>.

²⁶ Paul Boothe and Alister Smith, Economic Competitiveness, Ontario 360, October 15, 2018. <https://on360.ca/policy-papers/economic-competitiveness/>.

how to seed the creation of similar manufacturing-based institutes in different parts of the province based on underlying comparative advantages.²⁷

- Enact tax preferences – including Opportunity Zones or a provincial-based investment tax credit – to catalyse private investment in rural and economically-distressed parts of the province.²⁸
- Establish a provincial policy framework to support small modular reactors for remote mines.²⁹
- Streamline regulations and the permitting process for new mining projects in the province.³⁰
- Establish an Ontario Sovereign Wealth Fund to focus on clean technology investments including by possibly issuing “emerald bonds” to support decarbonization efforts. The financing could come from a one-time capitalization similar to the new Canada Infrastructure Bank.³¹
- Cultivate a network of technology and innovation centres (TICs) across the province to support industrial research and commercialization.³²
- Consider demand-pull innovation policies such as voucher programs that subsidize SMEs’ purchase of commercialization services and preferential procurement policies.³³
- Conduct a comprehensive review of innovation and economic development program spending, emphasizing a long-term view of measurable outcomes relative to inputs; jobs created, IP generated, revenue growth in supported companies, as well as domiciled revenue and taxes paid by foreign companies benefiting from public support for innovation activities.³⁴
- Conduct regularized regional reviews of the supply and demand of employment lands and enact any necessary changes to the designation of provincially-significant employment zones.³⁵

²⁷ Jamison Steeve and Sean Speer, Re-Imagining Ontario’s Business Support Programs, Ontario 360, November 20, 2019. <https://on360.ca/policy-papers/re-imagining-ontarios-business-support-programs/>.

²⁸ Lorenzo Gonzales and Sean Speer, Opportunity Zones: An Opportunity for Ontario, Ontario 360, November 13, 2019. <https://on360.ca/policy-papers/opportunity-zones-an-opportunity-for-ontario/>.

²⁹ Vic Pakalnis, Natural Resources, Ontario 360, April 2, 2018. <https://on360.ca/30-30/ontario-360-natural-resources-transition-briefing/>.

³⁰ Vic Pakalnis, Natural Resources, Ontario 360, April 2, 2018. <https://on360.ca/30-30/ontario-360-natural-resources-transition-briefing/>.

³¹ Celine Bak, Clean Technology, Ontario 360, April 13, 2018. <https://on360.ca/30-30/clean-technology-transition-briefing/>.

³² Jamison Steeve and Jacob Greenspon, Innovation and Commercialization, Ontario 360, April 19, 2018. <https://on360.ca/30-30/innovation-and-commercialization-transition-briefing/>.

³³ Jamison Steeve and Jacob Greenspon, Innovation and Commercialization, Ontario 360, April 19, 2018. <https://on360.ca/30-30/innovation-and-commercialization-transition-briefing/>.

³⁴ Graeme Moffat, Entrepreneurship and Business Development, Ontario 360, April 26, 2018. <https://on360.ca/30-30/entrepreneurship-and-business-development-transition-briefing/>.

³⁵ Sean Speer, Lands for Jobs: An Employment Lands Strategy for the Province of Ontario, Ontario 360, February 20, 2020. <https://on360.ca/policy-papers/lands-for-jobs-an-employment-lands-strategy-for-the-province-of-ontario/>.

- Phase in a standardized business education tax rate across the province and consider eliminating provincial property taxes as part of broader reforms to intergovernmental fiscal arrangements.³⁶

Health supply chains and better health outcomes

The COVID-19 crisis has caused Ontario policymakers to rethink health supply chains and the province's model for health procurement. It seems inevitable that the government will pursue steps following the crisis to strengthen the province's health-related supply chains.³⁷

There will also likely be a renewed emphasis on cultivating domestic medical research and innovation capacity. This will require rethinking on intellectual property, procurement, and how universities and colleges commercialize research produced by faculty.

And there will be an ongoing focus on the social determinants of health, including how inequities manifest themselves in poor health outcomes.

Progress in these areas will require the Ontario government to think more holistically about health care policy in

the province. Managing the day-to-day system of hospitals, patients, medical professionals, and public insurance is of course important. But supply chains and social determinants of health involve a broader view of the overall system and its resiliency and outcomes for all Ontarians.

Previous *Ontario 360* policy briefs and briefing memos set out useful policy recommendations to inform these efforts including:

- Enact supply-chain traceability in Ontario's health-care system to better identify risks to patient safety and prevent adverse events.³⁸
- Invest in technological infrastructure in clinical care settings to automate supply chain management in order to reduce waste, automate recall, and generate significant savings.³⁹

³⁶ Sean Speer, *Lands for Jobs: An Employment Lands Strategy for the Province of Ontario*, Ontario 360, February 20, 2020. <https://on360.ca/policy-papers/lands-for-jobs-an-employment-lands-strategy-for-the-province-of-ontario/>.

³⁷ Sean Speer, "COVID-19 makes it clear we must repatriate PPE production," *National Post*, April 17, 2020. <https://nationalpost.com/opinion/shockproofing-canada-covid-19-makes-it-clear-we-must-repatriate-ppe-production>.

³⁸ Anne Snowdon, *Health Care Supply Chains*, Ontario 360, April 14, 2018. <https://on360.ca/30-30/healthcare-supply-chains-transition-briefing/>.

³⁹ Anne Snowdon, *Health Care Supply Chains*, Ontario 360, April 14, 2018. <https://on360.ca/30-30/healthcare-supply-chains-transition-briefing/>.

- Align Canadian, U.S. and global supply chain policies, regulations and legislation to streamline regulatory processes and maintain Canada's viability as an international trading partner.⁴⁰
- Improve management of intellectual property (IP) from Ontario universities by standardizing IP policies, by improving those universities' technology transfer offices' capabilities or by centralizing IP management in patent collectives that pool IP ownership to discourage transfer abroad.⁴¹
- Consider strategies to better leverage IP including: sovereign patent funds (as done in South Korea or France), increased focus on awareness and training for IP in universities and the public sector, or offsets for costs associated with patent filing.⁴²
- Develop a strategy to encompass personal data, data generated by and for government, and data in areas under provincial jurisdiction (including health care) in order to produce provincial data capital assets that enable the growth of indigenous firms and further protect Ontarians' privacy.⁴³
- Establish a review panel to make recommendations on how to reform the credentialing process to better meet labour needs including in health care.⁴⁴
- Experiment with a progressive bond program in order to minimize wealth inequality and its transmission into health outcomes.⁴⁵

⁴⁰ Anne Snowdon, Health Care Supply Chains, Ontario 360, April 14, 2018.
<https://on360.ca/30-30/healthcare-supply-chains-transition-briefing/>.

⁴¹ Jamison Steeve and Jacob Greenspon, Innovation and Commercialization, Ontario 360, April 19, 2018.
<https://on360.ca/30-30/innovation-and-commercialization-transition-briefing/>.

⁴² Graeme Moffat, Entrepreneurship and Business Development, Ontario 360, April 26, 2018.
<https://on360.ca/30-30/entrepreneurship-and-business-development-transition-briefing/>.

⁴³ Graeme Moffat, Entrepreneurship and Business Development, Ontario 360, April 26, 2018.
<https://on360.ca/30-30/entrepreneurship-and-business-development-transition-briefing/>.

⁴⁴ Sean Speer, Economic Competitiveness, Ontario 360, April 22, 2018.
<https://on360.ca/30-30/economic-competitiveness-transition-briefing/>.

⁴⁵ Arjumand Siddiqi and Faraz Vahid Shahidi, Resolving Health Inequalities, Ontario 360, April 24, 2018.
<https://on360.ca/30-30/health-inequalities-transition-briefing/>.

Capital investment and skills training

The Ontario government had an ambitious public infrastructure programme prior to the COVID-19 crisis. It is quite possible that it will be accelerated or enhanced as part of an economic stimulus effort now. The goal though cannot be merely short term. The government should orient its public infrastructure investments to contribute to the province's long-term economic objectives as well.

This will require more evidence-based project selection, a greater focus on projects that contribute to higher levels of productivity, and leveraging public investments to cultivate more human capital in the skilled trades. The upshot is that the provincial government ought to pursue a greater degree of intentionality in the implementation of its public infrastructure spending in order to boost the economy, build critical long-term infrastructure, and support apprenticeships and skilled trades certifications.

Previous *Ontario 360* policy briefs and briefing memos set out useful policy recommendations to inform these efforts including:

- Establish an arms-length expert panel (such as accountants, economists, and engineers) to conduct economic evaluations on project proposals to determine their relative utility.⁴⁶
- Establish a new Ontario Infrastructure Centre of Excellence with a mandate to independently apply evidence-based policy techniques to improve project planning and execution in the province.⁴⁷
- Prioritize public infrastructure spending on trade-related infrastructure (such as bridges and highways) as well as “innovative infrastructure” such as smart cities initiatives.⁴⁸
- Aim to coordinate affordable housing investments with the federal government using a “challenge-based approach” that selects projects based on clear and measurable outcomes.⁴⁹
- Launch a New Zealand-type inquiry to examine ways that the land-use planning system in the Toronto region is affecting housing costs and look at

⁴⁶ Livio Di Matteo, Fiscal Policy, Ontario 360, April 11, 2018. <https://on360.ca/policy-papers/restoring-long-term-fiscal-sustainability/>.

⁴⁷ Matti Siemiatycki, Infrastructure Policy, April 5, 2018. <https://on360.ca/30-30/infrastructure-policy-transition-briefing/>.

⁴⁸ Paul Boothe, Alister Smith, and David Moloney, Manufacturing Sector, Ontario 360, April 10, 2018. <https://on360.ca/30-30/manufacturing-sector-transition-briefing/>; and Tiff Macklem, Strategic Infrastructure, Ontario 360, April 16, 2018. <https://on360.ca/30-30/strategic-infrastructure-transition-briefing/>.

⁴⁹ Janet Mason, Affordable Housing, Ontario 360, April 4, 2018. <https://on360.ca/30-30/ontario-360-affordable-housing-transition-briefing/>.

ways to reform the system to counter price pressures by making the system more flexible and receptive to market demands.⁵⁰

- Introduce more financing for provision of sewer and water infrastructure to accommodate growth both in built-up areas and on greenfield lands, including through private-public partnerships.⁵¹
- Consider consolidation of the disparate transit operators across the Toronto region in order to better manage regional projects, pricing, passenger flows, and so on.⁵²
- Prioritize renewed capital investment in the education sector – namely, K-12 school building.⁵³
- Expand options for greater educational permeability between skilled trades competencies and university and college programs.⁵⁴
- Pursue participation in the New West Partnership Agreement with Alberta, British Columbia, and Saskatchewan in order to enable greater labour mobility, including among those with skilled trades certificates.⁵⁵
- Review Ontario's various apprenticeship-oriented benefits to find ways to ensure that the suite of policies (including tax-based and direct spending) has the maximum effect on business spending on training and simplify the current tax incentives (including the Apprenticeship Training Tax Credit) for apprentices and their employers.⁵⁶
- Move to integrate the skilled trades into the early K–12 curriculum, including massively expanding the Ontario Youth Apprenticeship Program.⁵⁷
- Ontario's Office of the Fairness Commissioner should draw from best practices across the provinces

⁵⁰ Frank Clayton, Market-Based Housing, Ontario 360, April 6, 2018. <https://on360.ca/30-30/market-based-housing-transition-briefing/>.

⁵¹ Frank Clayton, Market-Based Housing, Ontario 360, April 6, 2018. <https://on360.ca/30-30/market-based-housing-transition-briefing/>.

⁵² Ben Dachis, Public Transit, Ontario 360, April 7, 2018. <https://on360.ca/30-30/public-transit-transition-briefing/>.

⁵³ Karim Bardeesy, Education, Ontario 360, April 29, 2018. <https://on360.ca/30-30/education-transition-briefing/>.

⁵⁴ Brian Dijkema and Sean Speer, Advancing Structural Reforms to the Skilled Trades and Apprenticeships in Ontario, Ontario 360, February 13, 2020. <https://on360.ca/policy-papers/advancing-structural-reforms-to-the-skilled-trades-and-apprenticeships-in-ontario/>.

⁵⁵ Brian Dijkema and Sean Speer, Advancing Structural Reforms to the Skilled Trades and Apprenticeships in Ontario, Ontario 360, February 13, 2020. <https://on360.ca/policy-papers/advancing-structural-reforms-to-the-skilled-trades-and-apprenticeships-in-ontario/>.

⁵⁶ Brian Dijkema and Sean Speer, Advancing Structural Reforms to the Skilled Trades and Apprenticeships in Ontario, Ontario 360, February 13, 2020. <https://on360.ca/policy-papers/advancing-structural-reforms-to-the-skilled-trades-and-apprenticeships-in-ontario/>.

⁵⁷ Brian Dijkema and Sean Speer, Advancing Structural Reforms to the Skilled Trades and Apprenticeships in Ontario, Ontario 360, February 13, 2020. <https://on360.ca/policy-papers/advancing-structural-reforms-to-the-skilled-trades-and-apprenticeships-in-ontario/>.

and territories in order to improve credential recognition in the regulated occupations.⁵⁸

- Renew the Bridge Training program with a strategic human resource and workforce development lens, employing demand-led, sector-based strategies. Bridge Training should be managed separately from locally integrated employment services.⁵⁹
- Establish a more nimble, demand-driven training system to support transitions for displaced workers. One example is to address the well documented shortage of technical sales personnel by designing a training program for displaced mid-career sales workers in retail.⁶⁰
- Test, replicate and scale sector-focused training that builds on the SkillsAdvance Ontario pilot program to target skills-training to sectoral needs.⁶¹
- Explore the feasibility of Career Pathways including supporting Ontario post-secondary institutions to build stronger relationships with employment service providers and employers. This could take the form, for instance, of providing more flexible funding options that enable post-secondary institutions to offer shorter credential programs as well as to invest in student support services and employer engagement capacity.⁶²
- Build an ecosystem for demand-informed models including supporting the creation of business-led training networks involving various stakeholders such as post-secondary institutions, employment service providers, employers, industry associations, and labour unions to design and deliver localized skills-training programming.⁶³
- Adopt aspects of Australia's model for more proactive employer engagement

⁵⁸ Jon Medow and Ollie Sheldrick, Integrating Newcomers into Ontario's Economy: A Strategy for Professionally Skilled Immigrant Success, Ontario 360, January 30, 2020. <https://on360.ca/policy-papers/integrating-newcomers-into-ontarios-economy-a-strategy-for-professionally-skilled-immigrant-success/>.

⁵⁹ Jon Medow and Ollie Sheldrick, Integrating Newcomers into Ontario's Economy: A Strategy for Professionally Skilled Immigrant Success, Ontario 360, January 30, 2020. <https://on360.ca/policy-papers/integrating-newcomers-into-ontarios-economy-a-strategy-for-professionally-skilled-immigrant-success/>.

⁶⁰ Arvind Gupta, Talent Development for the Tech Sector, Ontario 360, April 28, 2018. <https://on360.ca/30-30/talent-development-for-the-tech-sector-transition-briefing/>.

⁶¹ Karen Myers, Kelly Pasolli and Simon Harding, Skills-Training Reform in Ontario: Creating a Demand-Driven Training Ecosystem, Ontario 360, November 5, 2019. <https://on360.ca/policy-papers/skills-training-reform-in-ontario-creating-a-demand-driven-training-ecosystem/>.

⁶² Karen Myers, Kelly Pasolli and Simon Harding, Skills-Training Reform in Ontario: Creating a Demand-Driven Training Ecosystem, Ontario 360, November 5, 2019. <https://on360.ca/policy-papers/skills-training-reform-in-ontario-creating-a-demand-driven-training-ecosystem/>.

⁶³ Karen Myers, Kelly Pasolli and Simon Harding, Skills-Training Reform in Ontario: Creating a Demand-Driven Training Ecosystem, Ontario 360, November 5, 2019. <https://on360.ca/policy-papers/skills-training-reform-in-ontario-creating-a-demand-driven-training-ecosystem/>.

in order to better inform skills-training priorities and support the connection between employers and jobseekers.⁶⁴

Social policy, income supports, and vulnerable Ontarians

The Ford government was already committed to undertaking reforms to Ontario's system of social assistance prior to the COVID-19 crisis. The impact of the crisis has further exposed some of the weaknesses in Ontario's social policy architecture, including its support for the province's most vulnerable citizens.

The government should move forward with its social assistance reforms with greater urgency and ambition. It ought to extend its review to poverty-related programming, low income supports, and Ontario's fiscal relationship with the province's cities in these areas. Progress will be key to better serving vulnerable Ontarians and getting better results for taxpayers.

Previous *Ontario 360* policy briefs and briefing memos set out useful policy recommendations to inform these efforts including:

- Pursue an early childhood education and care strategy that addresses

licensing issues and oversight, and provide wage enhancements to child-care providers to improve training and professional development.⁶⁵

- Move to a flat-rate benefit for social assistance that combines the current basic needs and shelter amounts into a single rate adjusted for household size in order to improve the adequacy of the income security system for those not receiving maximum shelter benefits (such as people who are homeless).⁶⁶
- Expand health benefits for people with a low income so that they are no longer tied to social assistance in order to better support people transitioning into employment.⁶⁷
- Facilitate greater innovation on the part of municipalities to target homelessness including removing restrictions around inclusionary zoning powers.⁶⁸

⁶⁴ Karen Myers, Kelly Pasolli and Simon Harding, Skills-Training Reform in Ontario: Creating a Demand-Driven Training Ecosystem, Ontario 360, November 5, 2019.

<https://on360.ca/policy-papers/skills-training-reform-in-ontario-creating-a-demand-driven-training-ecosystem/>.

⁶⁵ Sarah Kaplan, Michal Perlman, Jamison Steeve, Petr Varmuza, and Linda White, Early Childhood Education and Care Strategy, Ontario 360, April 9, 2018.

<https://on360.ca/30-30/early-childhood-education-and-care-transition-briefing/>.

⁶⁶ Noah Zon, Poverty, Ontario 360, April 12, 2018. <https://on360.ca/30-30/poverty-transition-briefing/>.

⁶⁷ Noah Zon, Poverty, Ontario 360, April 12, 2018. <https://on360.ca/30-30/poverty-transition-briefing/>.

⁶⁸ Alison Smith, Homelessness, Ontario 360, April 17, 2018. <https://on360.ca/30-30/homelessness-transition-briefing/>.

- Make adjustments to the Ontario Student Assistance Program in order to better support Indigenous participation in post-secondary education. These reforms ought to ensure that Indigenous students are able to cover their educational costs even if they do not receive outside assistance from the federal government or take longer than 4 years to complete a typical bachelor's program.⁶⁹
- Ameliorate the high marginal tax rates on low-income Ontarians – through appropriate social assistance reforms such as a wage subsidy or refundable working tax credit.⁷⁰
- Reform the Ontario Tax Reduction (a tool to lower the tax burden on low-income Ontarians) including bundling it with the Ontario Trillium Benefit or the new federal Canada Worker's Benefit to reduce administrative costs and ensure that beneficiaries receive regular payments.⁷¹
- Adjust the formula for income-testing provincial tuition grants and use the resulting fiscal resources to provide for a provincial education bond to eligible children. The bond would target children born into the bottom income decile and would be available to them from an early age in order to encourage and support post-secondary education.⁷²
- Reduce unnecessary reporting and monitoring in Ontario social assistance programs that do not contribute to the overall goal of helping people transition into work.⁷³
- Improve the adequacy of social assistance benefits – enhancing benefits could come in different forms including increasing base benefits, adding additional cash benefits tailored to specific needs and circumstances or providing other assistance with costs or services in the broader social safety net.⁷⁴
- Reduce the cost of working while on social assistance – smoothing out clawback thresholds and rates is critical to incentivizing participation in the workforce.⁷⁵

⁶⁹ Maggie Jones, Indigenous Education, Ontario, Ontario 360, April 21, 2020.

<https://on360.ca/30-30/indigenous-education-transition-briefing/>.

⁷⁰ Jack Mintz, Tax Policy, Ontario 360, April 23, 2018. <https://on360.ca/30-30/tax-policy-transition-briefing/>.

⁷¹ Lindsay Tedds, Income Support for Low-Income Workers, Ontario 360, April 30, 2018.

<https://on360.ca/30-30/income-support-for-low-income-workers-transition-briefing/>.

⁷² Jennifer Robson, Post-Secondary Access, Ontario 360, April 26, 2018.

<https://on360.ca/policy-papers/post-secondary-access/>.

⁷³ Noah Zon and Thomas Granofsky, Resetting Social Assistance Reform, Ontario 360, October 29, 2019.

<https://on360.ca/policy-papers/resetting-social-assistance-reform/>.

⁷⁴ Noah Zon and Thomas Granofsky, Resetting Social Assistance Reform, Ontario 360, October 29, 2019.

<https://on360.ca/policy-papers/resetting-social-assistance-reform/>.

⁷⁵ Noah Zon and Thomas Granofsky, Resetting Social Assistance Reform, Ontario 360, October 29, 2019.

<https://on360.ca/policy-papers/resetting-social-assistance-reform/>.

- Respond to housing cost differences in different parts of the province – use the new Canada-Ontario Housing Benefit to provide place-based housing supports that recognize costs difference in different parts of the province.⁷⁶
- Launch a “Who Does What” review of the current division of responsibilities for planning, regulating, funding, and delivering key services to Ontarians in order to improve service delivery, increase accountability, and address fiscal challenges. The review should start with a focus on public health, ambulance services, long-term care, social housing, social assistance, and childcare. Cost-sharing is prevalent for these services, and therefore lines of accountability are most opaque and questions about local input and autonomy most pronounced.⁷⁷

⁷⁶ Noah Zon and Thomas Granofsky, Resetting Social Assistance Reform, Ontario 360, October 29, 2019. <https://on360.ca/policy-papers/resetting-social-assistance-reform/>.

⁷⁷ Gabriel Eidelman, Enid Slack, and Tomas Hachard, In It Together: Clarifying Provincial-Municipal Responsibilities in Ontario, Ontario 360, January 23, 2020. <https://on360.ca/policy-papers/in-it-together-clarifying-provincial-municipal-responsibilities-in-ontario/>.

Conclusion

The coronavirus pandemic has upended the lives of millions of Ontarians as well as the government's policy agenda. The immediate priority remains to minimize the public health and economic effects of the crisis.

But the government must also maintain a focus on Ontario's long-term economic recovery. The new Ontario Jobs and Recovery Cabinet committee has been tasked by the Premier to "develop a roadmap to a stronger, more prosperous Ontario."

The *Ontario 360* project intends to support these efforts through evidence-based research and policy analysis. Its 2020-21 programme will start in earnest in the coming weeks with a clear focus on the post-COVID-19 policy agenda. This initial policy brief amounts to a down payment on this future work.

ONTARIO 360

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