

2021

# Expenditure Monitor 2020-21: Q3



**FAO**

FINANCIAL ACCOUNTABILITY  
OFFICE OF ONTARIO



## Highlights

- This report provides an update on the Province's 2020-21 spending plan and reviews actual spending by the government over the first three quarters of the 2020-21 fiscal year, from April 1, 2020 to December 31, 2020.
- There was no change in the Province's total spending plan in the third quarter. However, the Province made \$7.1 billion in budget reallocations from its unallocated funds to program sectors.
  - The **health sector** received a \$4.5 billion (7.1 per cent) spending plan increase in the third quarter, primarily for the operation of hospitals and long-term care homes.
  - The **'other programs' sector** spending plan increased by \$1.6 billion (5.2 per cent), including an additional \$0.6 billion operating subsidy for Metrolinx and \$0.6 billion for the Property Tax and Energy Costs Rebate Grants program, which supports businesses required to restrict services as a result of the COVID-19 pandemic.
  - The spending plan for the **education sector** increased by \$1.0 billion (3.2 per cent), due to phase one of the federal Safe Return to Class Fund (\$0.4 billion), the Support for Learners program (\$0.4 billion) and federal funding for child care under the Safe Restart Agreement (\$0.2 billion).
- Third quarter spending plan increases to the program sectors were funded by transfers from the COVID-19 Health Sector Response Fund (Health Fund) (\$4.2 billion drawdown), the Support for People and Jobs Fund (SPJF) (\$1.3 billion drawdown) and the Contingency Fund (\$1.5 billion drawdown).
  - As of December 31, 2020, the combined remaining balance in the Health Fund, SPJF and Contingency Fund was \$4.7 billion. This represents a 60 per cent drawdown in the three unallocated funds in the third quarter, compared to the remaining balance at the end of the second quarter (September 30).
- The Province spent \$116.7 billion over the first three quarters of 2020-21, which is \$3.1 billion, or 2.6 per cent, less than planned.
  - Excluding the **education sector**, which temporarily spent \$1.5 billion more than planned,<sup>1</sup> all sectors spent less than planned, led by **'other programs'** (\$2.4 billion or 12.0 per cent under plan), **interest on debt** (\$0.8 billion or 8.7 per cent under plan), **postsecondary education** (\$0.6 billion or 11.6 per cent under plan) and **health** (\$0.5 billion or 1.0 per cent under plan).
  - Spending information for all of the Province's programs by ministry is available on the FAO's website at: <https://bit.ly/3uT5H6w>.
- Spending through the first three quarters of 2020-21 was \$10.3 billion, or 9.7 per cent, higher than during the same period in 2019-20.
  - **Health** (\$5.6 billion or 12.7 per cent increase) and **'other programs'** (\$2.7 billion or 17.6 per cent increase) had the largest year-over-year spending increases compared to 2019-20.
  - For context, the 12.7 per cent **health sector** increase significantly outpaces the health sector's average annual growth rate of 3.6 per cent between 2015-16 and 2019-20.
  - Spending on **postsecondary education** (\$0.3 billion decrease), **justice** (\$29 million decrease) and **interest on debt** (\$0.3 billion decrease) was lower through the first three quarters of 2020-21 compared to the same period in 2019-20.

<sup>1</sup> See below for more details.

# Introduction

This report provides information on spending by the Government of Ontario (the Province) over the first three quarters of the 2020-21 fiscal year, from April 1, 2020 to December 31, 2020. The report:

- identifies changes to the Province's 2020-21 spending plan;
- reviews actual spending in the first three quarters of 2020-21 (April 1, 2020 to December 31, 2020) against both planned spending and actual spending over the same time period in 2019-20; and
- tracks top-ups to, and transfers from, the Province's three unallocated funds: the COVID-19 Health Sector Response Fund (Health Fund), the Support for People and Jobs Fund (SPJF) and the Contingency Fund.

The information in this report is based on the FAO's analysis of the March 2020 Economic and Fiscal Update (the March 2020 Update), the 2020-21 Expenditure Estimates, the Supplementary Estimates, 2020-21, the 2020-21 Third Quarter Finances, and transactions recorded in the Province's Integrated Financial Information System (IFIS) as of December 31, 2020.

## Changes to the 2020-21 Spending Plan

### Overview

In the March 2020 Update, the Province presented a spending plan for the 2020-21 fiscal year of \$165.2 billion.<sup>2</sup> As of December 31, 2020, the Province's spending plan for 2020-21 was up \$14.5 billion, or 8.8 per cent, to \$179.8 billion. The \$14.5 billion increase to the Province's spending plan occurred in the first (\$759 million) and second (\$13.8 billion) quarters, while in the third quarter there was no change to the overall spending plan.<sup>3</sup>

The \$14.5 billion spending plan increase reported by the FAO is \$1.6 billion lower than the spending plan increase for programs reported by the Province in its 2020-21 Third Quarter Finances. The 2020-21 Third Quarter Finances reflects government spending plan decisions through to February 5, 2021, which implies that the Province plans to increase authorized spending in the fourth quarter.<sup>4</sup>

### Third Quarter Analysis

Although there was no change in the overall spending plan in the third quarter, the Province made significant budget reallocations. The largest increase was to the health sector, with \$4.5 billion in new planned spending, followed by the 'other programs' sector (\$1.6 billion in new planned spending) and the education sector (\$1.0 billion in new planned spending). There were smaller changes to the remaining program sectors, with planned spending in the justice and children's and social services sectors up \$23 million and \$19 million, respectively, while the spending plan for the postsecondary education sector was down \$10 million.

<sup>2</sup> This spending plan was formally tabled in the 2020-21 Expenditure Estimates. Excludes \$9.1 billion in additional planned spending by the broader public sector organizations controlled by the Province (hospitals, school boards and colleges), the Province's agencies and the legislative offices. The Province does not actively monitor or control this spending. Also excludes \$3.6 billion in additional planned spending on capital assets and \$1.2 billion on operating assets.

<sup>3</sup> See FAO, "Expenditure Monitor 2020-21: Q2," 2020 and FAO, "Expenditure Monitor 2020-21: Q1," 2020 for additional information.

<sup>4</sup> On March 4, 2021, the Province tabled a second edition of Supplementary Estimates, which increased its 2020-21 spending plan by \$6.9 billion.

The third quarter spending plan increases for the program sectors were funded through \$7.1 billion in transfers from the Province's three unallocated funds: the Health Fund (\$4.2 billion decrease), the SPJF (\$1.3 billion decrease) and the Contingency Fund (\$1.5 billion decrease).<sup>5</sup> As of December 31, after accounting for top-ups and transfers during the first three quarters, the combined remaining balance in the Health Fund, SPJF and Contingency Fund was \$4.7 billion. This represents a 60 per cent drawdown in the three unallocated funds in the third quarter, compared to the remaining balance at the end of the second quarter (September 30).

As noted in the 2020 Ontario Budget, any remaining funds in the Health Fund, SPJF and Contingency Fund by year end (March 31, 2021) will reduce both the budget deficit and Ontario's net debt.<sup>6</sup>

**Table 1: Changes to the 2020-21 spending plan by sector, as of December 31, 2020, \$ millions**

Sector	2020-21 Spending Plan	Q1 Adjustments	Q2 Adjustments	Q3 Adjustments	Total Adjustments	Revised 2020-21 Spending Plan
Health	61,753	2,083	413	4,533	7,029	68,782
Education	31,358	-	5	994	999	32,357
Postsecondary Education	6,984	-	2	-10	-8	6,976
Children's and Social Services	17,944	158	49	19	227	18,170
Justice	4,948	-	25	23	48	4,996
Other Programs	24,734	1,010	4,098	1,556	6,665	31,400
Unallocated Funds:						
COVID-19 Health Sector Response Fund	1,823	-1,505	4,147	-4,237	-1,594	229
Support for People and Jobs Fund	1,966	-629	1,699	-1,330	-259	1,706
Contingency Fund	1,300	-359	3,340	-1,549	1,433	2,733
Interest on Debt	12,407	-	-	-	-	12,407
<b>Total</b>	<b>165,217</b>	<b>759</b>	<b>13,780</b>	<b>-</b>	<b>14,539</b>	<b>179,756</b>

Note: Figures exclude planned spending on some assets and \$9.1 billion in additional planned spending by the broader public sector organizations controlled by the Province (hospitals, school boards and colleges), the Province's agencies and the legislative offices. The second quarter adjustments in the 'other programs' sector and the Support for People and Jobs Fund have been revised based on updated information.

Source: FAO analysis of the 2020-21 Expenditure Estimates, the Supplementary Estimates, 2020-21 and information provided by Treasury Board Secretariat.

The rest of this section highlights key third quarter spending plan changes by sector and vote-item. For information on all of the Province's transfer payment programs and ministries, visit the FAO's website at: <https://bit.ly/3uT5H6w>.

**Health:** \$4,533 million (7.1 per cent) increase, including:

- \$2,530 million increase for Health Services (Vote-Item 1416-1), which funds the operation of hospitals, home care, community services (mental health, health centres and support) and other services.
- \$925 million increase for Long-Term Care Homes Program (Operating) (Vote-Item 4502-1), which funds the operation and development of long-term care homes.

<sup>5</sup> See the final section of this report for information on top-ups to and transfers from the three unallocated funds.

<sup>6</sup> 2020 Ontario Budget, p. 176.

- \$360 million increase for Population and Public Health (Vote-Item 1406-4), which funds public health agencies and other public health measures.
- \$339 million increase for Health Capital Program (Vote-Item 1407-1), which provides capital funding to hospitals and other health care facilities.
- \$188 million increase for Long-Term Care Program (Capital) (Vote-Item 4502-2), which provides capital funding to long-term care homes.
- \$153 million increase for Ontario Health Insurance (Vote-Item 1405-1), which administers payments to physicians.

**Education:** \$994 million (3.2 per cent) increase, including:

- \$760 million increase for Elementary and Secondary Education Program – Policy and Program Delivery (Vote-Item 1002-1), which mainly funds school boards. This funding is from phase one of the federal Safe Return to Class Fund and for the Province’s Support for Learners program, which provides a one-time payment for families with children.
- \$235 million increase for Child Care and Early Years – Policy Development and Program Delivery (Vote-Item 1004-1), which includes transfer payments to support child care. This funding is a federal contribution under the Safe Restart Agreement to ensure child care availability during the pandemic.

**Other Programs:** \$1,556 million (5.2 per cent) increase, including:

- \$610 million increase for Urban and Regional Transportation (Operating) (Vote-Item 2702-2), which mainly provides operating subsidies to Metrolinx and the Ontario Northland Transportation Commission (ONTC), and this year is also supporting municipal transit agencies to address budget pressures related to the COVID-19 pandemic. This new funding is to provide additional operating support to Metrolinx (\$600 million) and the ONTC (\$10 million).
- \$360 million increase for Tax and Benefits Administration (Vote-Item 1209-1), which administers Ontario tax statutes, tax and non-tax revenue programs, and benefit programs. This funding is for the property tax component of the Property Tax and Energy Costs Rebate Grants program, which supports businesses that are required to shut down or restrict services due to the COVID-19 pandemic.
- \$240 million increase for Energy Development and Management – Policy and Programs (Vote-Item 2205-1), which is responsible for developing Ontario’s energy policy. This funding is for the energy costs component of the Property Tax and Energy Costs Rebate Grants program, which supports businesses that are required to shut down or restrict services due to the COVID-19 pandemic.
- \$181 million increase for Community and Market Housing (Capital) (Vote-Item 1904-4), which provides capital funding for the Province’s housing programs.
- \$114 million increase for Infrastructure Programs (Capital) (Vote-Item 4003-2), which funds infrastructure projects, such as Municipal Infrastructure, Toronto Waterfront Revitalization, Broadband and Cellular Infrastructure, and Federal-Provincial Infrastructure Programs.
- A net \$355 million increase for 61 additional vote-items in the ‘other programs’ sector. For more information, visit the FAO’s website at: <https://bit.ly/3uT5H6w>.
- \$114 million decrease for Agriculture and Rural Affairs (Capital) (Vote-Item 108-7), which provides capital funding to infrastructure programs. This funding was transferred to Infrastructure Programs (Capital) (Vote-Item 4003-2).

- \$189 million decrease for Ontario Cultural Media Tax Credits (Vote-Item 3808-1), which provide incentives and support for companies to produce films, television programs, interactive digital media products or books in Ontario. This funding was transferred to the Contingency Fund and reflects delayed and disrupted production activity in Ontario's cultural industries.<sup>7</sup>

## Actual 2020-21 Spending

### Actual Spending vs. Planned Spending

Over the first three quarters of the 2020-21 fiscal year, the Province spent \$116.7 billion. Overall, this is \$3.1 billion, or 2.6 per cent, less than planned.<sup>8</sup> All sectors<sup>9</sup> spent less than planned over the first three quarters, except for the education sector, which temporarily spent \$1.5 billion more than planned due to the government's decision to defer for 90 days Education Property Tax payments.<sup>10</sup>

Excluding education, the Province spent \$4.6 billion less than planned through the first three quarters of 2020-21, led by 'other programs' (\$2.4 billion under plan), interest on debt (\$0.8 billion under plan), postsecondary education (\$0.6 billion under plan) and health (\$0.5 billion under plan). On a relative basis, 'other programs' spent 12.0 per cent less than planned through the first three quarters, followed by postsecondary education (11.6 per cent under plan) and interest on debt (8.7 per cent under plan).

Health sector spending was 1.0 per cent below plan as of the end of the third quarter. For context, health sector spending was 2.6 per cent below plan at the end of the second quarter, which means that the pace of spending in the third quarter was 1.9 per cent above plan.

<sup>7</sup> For more information, see FAO, "Tourism, Culture and Heritage: An Overview of the Tourism, Culture and Heritage Economic Sectors, Related Ministry Programs and the Impact of the COVID-19 Pandemic," 2020, p. 13 and 2020 Ontario Budget, p. 223.

<sup>8</sup> At the start of the fiscal year, ministries estimate planned spending for each program by month, based on the program's budget allocation in the Expenditure Estimates. "Planned" spending (or calendarization) for a program takes into account factors such as historical spending patterns and seasonality, and is used to monitor spending pressures and potential year-end savings (or underspending).

<sup>9</sup> Excludes the Health Fund, SPJF and Contingency Fund, as these unallocated funds do not have planned spending until funding is transferred to program sectors.

<sup>10</sup> In response to the COVID-19 pandemic, the Province allowed municipalities to defer for 90 days the quarterly submissions on June 30 and September 30 of Education Property Tax payments to school boards. In order to ensure that the deferrals did not have a financial impact on school boards, the Province temporarily adjusted the timing of its own payments to school boards. The FAO expects that the Province will transfer less funds than originally planned to school boards in the fourth quarter.

**Table 2: 2020-21 spending by sector, as of December 31, 2020, \$ millions**

Sector	Revised 2020-21 Spending Plan	Planned Spending at end of Q3	Actual Spending at end of Q3	Actual vs. Planned at end of Q3	Actual vs. Planned (%)
Health	68,782	49,796	49,311	-484	-1.0%
Education	32,357	17,974	19,432	1,458	8.1%
Postsecondary Education	6,976	5,286	4,673	-613	-11.6%
Children's and Social Services	18,170	13,738	13,575	-164	-1.2%
Justice	4,996	3,579	3,484	-95	-2.7%
Other Programs	31,400	20,190	17,776	-2,414	-12.0%
Unallocated Funds:					
COVID-19 Health Sector Response Fund	229	-	-	-	N/A
Support for People and Jobs Fund	1,706	-	-	-	N/A
Contingency Fund	2,733	-	-	-	N/A
Interest on Debt	12,407	9,231	8,430	-801	-8.7%
<b>Total</b>	<b>179,756</b>	<b>119,793</b>	<b>116,681</b>	<b>-3,112</b>	<b>-2.6%</b>

Note: Figures exclude planned spending on some assets and \$9.1 billion in additional planned spending by the broader public sector organizations controlled by the Province (hospitals, school boards and colleges), the Province's agencies and the legislative offices.

Source: FAO analysis of the 2020-21 Expenditure Estimates, the Supplementary Estimates, 2020-21 and information provided by Treasury Board Secretariat.

The rest of this section highlights key vote-item spending that was above and below plan through the third quarter of 2020-21. For information on spending by all of the Province's transfer payment programs and ministries, visit the FAO's website at: <https://bit.ly/3uT5H6w>.

**Health sector spending:** \$484 million (1.0 per cent) below plan through the third quarter, including:

- \$429 million above plan in Drug Programs (Vote-Item 1405-2), which funds a number of provincial drug programs, the largest of which is the Ontario Drug Benefit program.
- \$273 million above plan in Health Services (Vote-Item 1416-1), which funds the operation of hospitals, home care, community services (mental health, health centres and support) and other services.
- \$92 million above plan in Health Capital Program (Vote-Item 1407-1), which provides capital funding to hospitals and other health care facilities.
- \$51 million above plan in Long-Term Care Homes Program (Operating) (Vote-Item 4502-1), which funds the operation and development of long-term care homes.
- \$72 million below plan in the Assistive Devices Program (vote-Item 1405-4), which provides funding for people with long-term physical disabilities to pay for equipment such as wheelchairs and hearing aids.
- \$78 million below plan in Programs and Administration (Vote-Item 1416-2), which primarily funds cancer treatment and screening programs, as well as Ontario Health operations, digital health programs, organ transplant services and other programs.
- \$80 million below plan in Long-Term Care Program (Capital) (Vote-Item 4502-2), which provides capital funding to long-term care homes.

- \$284 million below plan in Population and Public Health (Vote-Item 1406-4), which funds public health agencies and other public health measures.
- \$804 million below plan in Ontario Health Insurance (Vote-Item 1405-1), which administers payments to physicians.

**Education sector spending:** \$1,458 million (8.1 per cent) above plan through the third quarter, including:

- \$1,639 million above plan in Elementary and Secondary Education Program – Policy and Program Delivery (Vote-Item 1002-1), which mainly funds school boards. This above plan spending is a temporary increase to offset the 90-day deferral of municipal Education Property Tax payments to school boards.
- \$157 million below plan in Support for Elementary and Secondary Education (Vote 1002-3), which provides capital funding to school boards, schools and agencies.

**Postsecondary Education sector spending:** \$613 million (11.6 per cent) below plan through the third quarter, including:

- \$87 million below plan in Support for Postsecondary Education (Vote-Item 3002-3), which provides capital funding to colleges and universities.
- \$479 million below plan in Colleges, Universities and Student Support (Vote-Item 3002-1), which provides operating grants for colleges and universities, and financial aid for students.

**Children's and Social Services sector spending:** \$164 million (1.2 per cent) below plan through the third quarter, including:

- \$66 million above plan in Supports to Individuals and Families (Vote-Item 702-21), which administers a variety of programs such as Residential Services, Autism, and Child and Youth Community Supports.
- \$80 million below plan in Ontario Child Benefit (Vote-Item 702-22), which provides financial support to low to moderate income families with children.
- \$153 million below plan in Financial and Employment Supports (Vote-Item 702-3), which includes the Ontario Disability Support Program, Ontario Works and the Ontario Drug Benefit Plan.

**Other Programs sector spending:** \$2,414 million (12.0 per cent) below plan through the third quarter, including:

- \$228 million above plan in Ontario Shared Services (Vote-Item 1811-5), which provides internal government services such as procurement, financial processing, transfer payment administration, pay and benefits, and human resources.
- \$115 million below plan in Community and Market Housing (Operating) (Vote-Item 1904-2), which primarily funds housing and homelessness programs.
- \$173 million below plan in Community and Market Housing (Capital) (Vote-Item 1904-4), which provides capital funding for the Province's housing programs.
- \$592 million below plan in Electricity Price Mitigation Programs (Vote-Item 2206-1), which subsidizes electricity costs for individuals and businesses.



- \$800 million below plan in Urban and Regional Transportation (Capital) (Vote-Item 2702-3), which funds infrastructure investments in provincial and municipal public transit.
- A net \$962 million below plan in the remaining 307 vote-items in the 'other programs' sector. For more information, visit the FAO's website at: <https://bit.ly/3uT5H6w>.

## 2020-21 Spending vs. 2019-20 Spending

In the first three quarters of 2020-21, the Province spent \$116.7 billion, which is \$10.3 billion, or 9.7 per cent, more than was spent in the first three quarters of 2019-20. Health, education, children's and social services, and 'other programs' all spent more during the first three quarters of 2020-21, compared to the first three quarters of 2019-20. On the other hand, spending on postsecondary education, justice and interest on debt was less in 2020-21 compared to 2019-20.

**Table 3: Spending through the end of the third quarter by sector, 2020-21 vs. 2019-20, \$ millions**

Sector	2020-21 Spending at end of Q3	2019-20 Spending at end of Q3	2020-21 vs. 2019-20	2020-21 vs. 2019-20 (%)
Health	49,311	43,759	5,552	12.7%
Education	19,432	17,294	2,138	12.4%
Postsecondary Education	4,673	4,967	-294	-5.9%
Children's and Social Services	13,575	13,021	554	4.3%
Justice	3,484	3,513	-29	-0.8%
Other Programs	17,776	15,110	2,666	17.6%
Interest on Debt	8,430	8,748	-318	-3.6%
<b>Total</b>	<b>116,681</b>	<b>106,412</b>	<b>10,269</b>	<b>9.7%</b>

Note: Figures exclude spending on some assets, the broader public sector organizations controlled by the Province (hospitals, school boards and colleges), the Province's agencies and the legislative offices.

Source: FAO analysis of the 2020-21 Expenditure Estimates, the Supplementary Estimates, 2020-21 and information provided by Treasury Board Secretariat.

- The \$5.6 billion, or 12.7 per cent, year-over-year spending increase in the **health sector** largely reflects government spending in response to the COVID-19 pandemic. For context, the 12.7 per cent increase significantly outpaces the health sector's average annual growth rate of 3.6 per cent between 2015-16 and 2019-20.
- The \$2.1 billion, or 12.4 per cent, year-over-year spending increase in the **education sector** largely reflects a temporary increase in funding to offset the 90-day deferral of municipal Education Property Tax payments to school boards.<sup>11</sup>
- The **postsecondary education sector** spent \$294 million, or 5.9 per cent, less in the first three quarters of 2020-21, compared to the first three quarters of 2019-20. The year-over-year spending decrease occurred in Colleges, Universities and Student Support (Vote-Item 3002-1), which provides operating grants for colleges and universities, and financial aid for students.

<sup>11</sup> See previous section for details.

- The \$2.7 billion, or 17.6 per cent, year-over-year spending increase in the **'other programs' sector** includes:
  - \$1,133 million increase in Urban and Regional Transportation (Operating) (Vote-Item 2702-2), which provides operating support to Metrolinx and the ONTC, and is also the program through which the Province is providing funding support to municipal transit agencies as part of the federal-provincial Safe Restart Agreement.
  - \$877 million increase in Municipal Services and Building Regulation (Vote-Item 1902-4), which oversees the implementation of the *Municipal Act, 2001* and other connected legislation and regulations. This program is providing funding support for municipalities' general operating pressures in connection with the COVID-19 pandemic as part of the federal-provincial Safe Restart Agreement.
  - \$569 million increase in Energy Development and Management – Policy and Programs (Vote-Item 2205-1), to defer a portion of Global Adjustment charges for commercial and industrial ratepayers and to temporarily suspend time-of-use electricity pricing at the “off-peak” rate from March 24, 2020 until May 31, 2020.<sup>12</sup>
  - \$276 million increase in Community and Market Housing (Vote-Item 1904-2), which primarily funds housing and homelessness programs. This spending increase is connected to the pandemic-related \$510 million Social Services Relief Fund, which provides funding to municipalities and urban Indigenous communities to support homeless shelters, food banks and other services for vulnerable people.
  - \$242 million increase in Ontario Shared Services (Vote-Item 1811-5), which provides internal government services such as procurement, financial processing, transfer payment administration, pay and benefits, and human resources.
  - \$805 million decrease in Urban and Regional Transportation (Capital) (Vote-Item 2702-3), which funds infrastructure investments in provincial and municipal public transit. The year-over-year decrease in spending indicates a slowdown in project activity over the first three quarters of 2020-21 compared to 2019-20.

<sup>12</sup> For more information on the Province's suspension of time-of-use electricity pricing, see FAO, “A Financial Review: The Decision to Freeze Time-of-Use Electricity Pricing,” 2020. The Province introduced a second temporary electricity price reduction to 8.5 cents per kilowatt-hour from January 1, 2021 to February 22, 2021 for residential, small business and farm customers who pay time-of-use and tiered rates.

## Status of Unallocated Funds

The Province's initial \$165.2 billion spending plan for 2020-21 included \$5.1 billion in unallocated funds through three programs: the COVID-19 Health Sector Response Fund (Health Fund), the Support for People and Jobs Fund (SPJF) and the Contingency Fund. In the second quarter, the Province added \$10.7 billion in 'top-ups' to these three programs through the tabling of Supplementary Estimates.

The unallocated funds in the Health Fund, SPJF and Contingency Fund cannot be spent directly by the Province but must be transferred to government programs through Treasury Board Orders. The Province transferred \$2.5 billion from the three unallocated funds to various programs in the first quarter,<sup>13</sup> \$1.6 billion in the second quarter<sup>14</sup> and \$7.1 billion in the third quarter. Consequently, as of the end of the third quarter (December 31, 2020), the combined remaining balance of the Health Fund, SPJF and Contingency Fund was \$4.7 billion.

**Table 4: Status of unallocated funds as of December 31, 2020, \$ millions**

Unallocated Fund	Opening Balance	Top-Ups	Q1 Transfers	Q2 Transfers	Q3 Transfers	Balance at end of Q3
COVID-19 Health Sector Response Fund	1,823	4,344	-1,505	-197	-4,237	229
Support for People and Jobs Fund	1,966	3,000	-629	-1,301	-1,330	1,706
Contingency Fund	1,300	3,394	-359	-54	-1,549	2,733
<b>Total</b>	<b>5,089</b>	<b>10,738</b>	<b>-2,493</b>	<b>-1,551</b>	<b>-7,115</b>	<b>4,667</b>

Source: FAO analysis of the 2020-21 Expenditure Estimates, the Supplementary Estimates, 2020-21 and information provided by Treasury Board Secretariat.

In the 2020-21 Third Quarter Finances, the government reported that the remaining balances for the Health Fund and SPJF were zero, while the Contingency Fund had a remaining balance of \$4.0 billion. The 2020-21 Third Quarter Finances reflects government decisions through to February 5, 2021, which implies that in the fourth quarter the Province plans to transfer the remaining balances in the Health Fund (\$229 million) and SPJF (\$1.7 billion) to various programs and top up the balance of the Contingency Fund by at least \$1.3 billion.<sup>15</sup>

The following three tables provide information on transfers from the Health Fund, SPJF and Contingency Fund during the third quarter of 2020-21.

<sup>13</sup> For details on first quarter transfers see FAO, "Expenditure Monitor 2020-21: Q1," 2020.

<sup>14</sup> The second quarter transfer amount has been revised from the \$1.3 billion reported in the FAO's "Expenditure Monitor 2020-21: Q2" based on updated information. An additional \$241 million was transferred from the SPJF in the second quarter for the Canada Emergency Commercial Rent Assistance program.

<sup>15</sup> In fact, on March 4, 2021, the Province topped up the Contingency Fund by \$4.0 billion through Supplementary Estimates.

**Table 5: Third quarter transfers from the COVID-19 Health Sector Response Fund, \$ millions**

Ministry/Program	\$ millions
<b>Ministry of Health</b>	
Operation of Hospitals	2,430
Ontario Agency for Health Protection and Promotion	284
Small Hospital Projects	170
Payments made for services and for care provided by physicians and practitioners	147
Community Mental Health	100
Outbreaks of Diseases	70
Integrated Health Facility Programs	32
Health System Information Management	15
Digital Health Strategy and Programs	12
IT Services Health Cluster	7
Independent Health Facilities	6
Public Health	5
Official Local Health Agencies	2
<b>Ministry of Long-Term Care</b>	
Long-Term Care Homes - Operations	933
Long-Term Care Program (Capital)	10
Long-Term Care Homes Program	3
<b>Ministry of Seniors and Accessibility</b>	
Seniors Affairs Transfer Payment	11
<b>Total Third Quarter Transfers</b>	<b>4,237</b>

Source: FAO analysis of information provided by Treasury Board Secretariat.

**Table 6: Third quarter transfers from the Support for People and Jobs Fund, \$ millions**

Ministry/Program	\$ millions
<b>Ministry of Agriculture, Food and Rural Affairs</b>	
Grassroots Growth Program	5
COVID-19 Programming	2
Economic Development	0
<b>Ministry of Children, Community and Social Services</b>	
Residential Services	7
Youth Initiatives	4
Children, Community and Social Services Infrastructure - Capital grants	3
Supportive Services	3
Child Protection Services	2
Children's Treatment and Rehabilitation Services	1
Supports to Victims of Violence	1
Youth Justice Services	0
Complex Special Needs	0

Supports to Community Living	0
Indigenous Healing and Wellness Strategy	0
<b>Ministry of Economic Development, Job Creation and Trade</b>	
Ontario Small Business Relief Program	65
Invest Ontario	10
Commercialization and Innovation Network Support	1
<b>Ministry of Education</b>	
Priorities and Partnerships Funding - Third Parties	380
<b>Ministry of Energy, Northern Development and Mines</b>	
COVID-19 Response - Energy Rebate Grant	240
Renewable Cost Shift	71
<b>Ministry of Environment, Conservation and Parks</b>	
Conservation Partnership	5
Wastewater Monitoring and Public Reporting	5
Ontario Parks (Capital)	0
Environmental Planning and Action	0
<b>Ministry of Finance</b>	
COVID-19 Response - Business Property Tax Rebate Grant	360
<b>Ministry of Francophone Affairs</b>	
Francophone community grants	1
<b>Ministry of Heritage, Sport, Tourism and Culture Industries</b>	
Tourism Recovery and Support	30
Ontario Arts Council	25
Ontario Trillium Foundation	25
<b>Ministry of Long-Term Care</b>	
Long-Term Care Homes Program	10
<b>Ministry of Municipal Affairs and Housing</b>	
National Disaster Mitigation Program (Capital)	2
National Disaster Mitigation Program (Operating)	2
<b>Ministry of Natural Resources and Forestry</b>	
Forestry Initiatives	5
<b>Ministry of Seniors and Accessibility</b>	
Seniors Affairs Transfer Payment	1
<b>Ministry of the Solicitor General</b>	
Staff Training	1
<b>Treasury Board Secretariat</b>	
Ministry Administration	60
<b>Total Third Quarter Transfers</b>	<b>1,330</b>

Source: FAO analysis of information provided by Treasury Board Secretariat.

**Table 7: Third quarter transfers from / to the Contingency Fund, \$ millions**

Ministry/Program	\$ millions
<b>Ministry of Attorney General</b>	
Agency Relations	3
<b>Cabinet Office</b>	
Main Office	2
<b>Ministry of Economic Development, Job Creation and Trade</b>	
Business Research Institution Tax Credit	-1
Ontario Innovation Tax Credit	-5
<b>Ministry of Education</b>	
Priorities and Partnerships Funding – School Boards	381
Child Care and Early Years	235
<b>Ministry of Energy, Northern Development and Mines</b>	
Remote Air Carrier Support Program	11
<b>Ministry of Government and Consumer Services</b>	
Centralized Supply Chain	7
<b>Ministry of Health</b>	
Major Hospital Projects	72
Integrated Health Facility Programs	47
Community Health Programs	9
IT Services Health Cluster	9
Small Hospital Projects	8
<b>Ministry of Heritage, Sport, Tourism and Culture Industries</b>	
Agencies and Attractions Sector Support (Operating)	52
Agencies and Attractions Sector Support (Capital)	4
Sport	3
Ontario Book Publishing Tax Credit	-1
Ontario Interactive Digital Media Tax Credit	-4
Ontario Computer Animation and Special Effects Tax Credit	-7
Ontario Film and Television Tax Credit	-61
Ontario Production Services Tax Credit	-116
<b>Ministry of Indigenous Affairs</b>	
Land Claim Settlements	14
<b>Ministry of Labour, Training and Skills Development</b>	
Occupational Health and Safety	6
Prevention Office	1
Ontario Apprenticeship Tax Credit	-1
Ontario Co-operative Education Tax Credit	-20
<b>Ministry of Long-Term Care</b>	
Long-Term Care Program (Capital)	150
Long-Term Care Homes Program	6
<b>Ministry of Municipal Affairs and Housing</b>	
Housing Lands – Sale	73
Housing Lands – Lease	12
<b>Ministry of the Solicitor General</b>	
Ministry Administration	22



**Ministry of Transportation**

Metrolinx Operating Subsidies	600
Ontario Northland Transportation Commission - Operating	10
Owen Sound Transportation Company - Operating	4
Road User Safety	3
<b>Treasury Board Secretariat</b>	
Office of the Comptroller General	20
<b>Total Third Quarter Transfers</b>	<b>1,549</b>

Source: FAO analysis of information provided by Treasury Board Secretariat.

---

## About this Document

Established by the *Financial Accountability Officer Act, 2013*, the Financial Accountability Office (FAO) provides independent analysis on the state of the Province's finances, trends in the provincial economy and related matters important to the Legislative Assembly of Ontario.

This report has been prepared with the benefit of publicly available information and information provided by Treasury Board Secretariat.

All dollar amounts are in Canadian, current dollars (i.e., not adjusted for inflation) unless otherwise noted.

Prepared by:

[Michelle Gordon](#) (Financial Analyst) and [Jacob Kim](#) (Financial Analyst), under the direction of [Luan Ngo](#) (Director, Financial Analysis) and [Jeffrey Novak](#) (Chief Financial Analyst).



Financial Accountability Office of Ontario  
2 Bloor Street West, Suite 900 Toronto, Ontario M4W 3E2 | [fao-on.org](http://fao-on.org) | [info@fao-on.org](mailto:info@fao-on.org) | 416-644-0702  
This document is also available in an accessible format and as a downloadable PDF on our website.

ISSN 2562-9883

© Queen's Printer for Ontario, 2021