

KEEPING CURRENT

March 28, 2020

The Ontario Government's Response to COVID-19: An Overview

By Gavin Tighe and Stephen Thiele

Founded in the 1920s, Gardiner Roberts LLP has grown to become a strategically placed mid-sized business law firm with a diverse client base which includes several of Canada's largest banks, public companies including mining, high tech and software companies, real estate enterprises, lenders and investors.

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Ontario is now two weeks into its emergency response to the COVID-19 pandemic that has gripped the world and caused economic havoc.

Although the world has experienced such pandemics in the past, with the 1918 Spanish Flu causing an estimated 50 million to 100 million deaths worldwide, we have been inundated with minute-by-minute news coverage on multiple media platforms that simply did not exist more than a 100 years ago.

The current climate has permitted governments and the public to obtain instant information about the pandemic and has caused government to make daily announcements designed to support the economy and to promote calm.

Keeping current with all of the government announcements has been difficult because of the daily changes that have taken place as the pandemic grows and the response to it evolves.

In this newsletter, we highlight some of the key announcements made by the Ontario government in response to COVID-19. These highlights are neither intended to provide an in-depth analysis into their overall impact nor meant to be exhaustive.

Ontario Government Response

On March 25, 2020, the Ontario government published its Action Plan.

However, a week before, Premier Ford declared a state of emergency to ensure that the government would be in a position to protect the health and safety of Ontarians.

(i) Ontario's initial response

The government immediately made \$304 million available to support the health care system's initial response to the pandemic. As part of this package, the Ontario government provided an additional \$50 million to protect front-line workers, first responders and patients to increase the supply of personal protective equipment and other critical supplies, \$50 million for long-term care homes to support screening, additional staffing and critical supplies, and \$20 million for residential facilities.

(ii) The Action Plan

With the Action Plan, the Ontario government has further added \$17 billion in new support for Ontarians and the Ontario economy.

Health Care

With respect to health care, the Action Plan adds \$3.3 billion in new support. This

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support includes, \$2.1 billion in new measures to support the COVID-19 response.

The \$2.1 billion is comprised, in part of a \$1 billion contingency fund, \$341 million for hospital capacity to increase assessments and treatment, \$243 million for long-term care home emergency capacity and virus containment measures, \$100 million for public health, and \$62 million for health care workers.

Additional monies have been allocated for new personal protective equipment, critical medical supplies and ambulance and paramedic services.

More specifically, this added spending is designed to permit the government to accelerate progress to address capacity issues, support the delivery of transitional care projects that will create more spaces and improve the transitional care setting, improve and maintain the quality of care in long-term care homes, and support testing and the government's immunization program.

As well, the government's investment is designed to ensure that personal protective equipment and critical medical supplies are available to front-line staff and that more doctors and nurses are available in rural and remote communities and in hospitals.

Research and innovation funding has also been made available to combat COVID-19.

Employment

With respect to employment, the Action Plan adds \$3.7 billion in spending initiatives. These funds, in part are allocated as follows:

- 75 million in urgent additional support for 194,000 low-income seniors
- a one-time \$200 payment per child up to the age of 12 and \$250 for those with special needs
- \$200 million for temporary emergency supports for people in financial need as well as funding for municipalities and other service providers
- a \$1.5 billion increase in electricity cost relief

and fixed rate pricing for electricity based on off-peak pricing

- cutting taxes by \$355 million for 57,000 employers through a temporary increase to the Employer Health Tax exemption

This package of measures has been designed to ensure that people are not penalized for listening to the advice of public health officials during the pandemic by working from home or staying in self-isolation.

Seniors, parents, students, workers and indigenous peoples and communities, among others, are positively impacted by these measures.

With respect to workers, in particular, the Action Plan provides job-protected leave to employees in isolation or quarantine or those who need to care for their children because of school or daycare closures caused by the COVID-19 outbreak.

In addition, \$100 million is being provided through Employment Ontario for skills training programs for workers and to support apprenticeships.

Another major component of this part of the Action Plan provides electricity relief to all Ontarians, including businesses. \$9 million has been allocated to directly support families for their electricity bills and to ensure that electricity and natural gas services are not disconnected for nonpayment during the COVID-19 crisis. Moreover, \$5.6 billion has been allocated for electricity cost relief programs and electricity for residential, farm and small business time-of-use customer will be fixed at the lowest rate for 45 days.

Lastly, this part of the Action Plan also will see a \$355 million tax cut for 57,000 employers through the temporary increase to the Employer Health Tax exemption from \$490,000 to \$1 million for 2020. Eligible private sector employers with annual payrolls up to \$5 million will be exempt from this tax on the first \$1 million of total Ontario remuneration and the maximum tax relief from exemption will increase to \$19,500 for 2020 for eligible employers.



Businesses

The Action Plan also allocates \$10 billion to support business and to assist with cash flow. The three key measures that this part of the Action Plan adopts are as follows:

- a five-month interest and penalty free period to make payments for the majority of provincially administered taxes
- a deferral of the upcoming quarterly (June 30) remittance of education property tax to school boards by 90 days.
- a decision to provide \$1.9 billion in new financial relief by the Workplace Safety and Insurance Board to allow employers to defer payments for a period of six months.

Under this part of the Action Plan, the Ontario government has announced \$6 billion in tax deferrals starting April 1, 2020. These tax deferrals will continue for a period of five months, up until August 31, 2020.

During this five month period, the Ontario government will not apply any penalty or interest on any late-filed returns or incomplete or late tax payments under provincially administered taxes, such as the Employer Health Tax, Tobacco Tax and Gas Tax.

Property tax payments that municipalities are required to make to school boards will also be deferred by 90 days.

To assist school boards, under this part, the Ontario government will adjust payments to school boards to offset the deferrals.

Lastly, employers will be allowed to defer payments for six months to the Workplace Safety and Insurance Board. This is expected to provide employers with \$1.9 billion in financial relief.

(This newsletter is provided for educational purposes only and is not intended to be used for legal advice. This newsletter is based on the Ontario Government Action Plan released March 25, 2020.)