

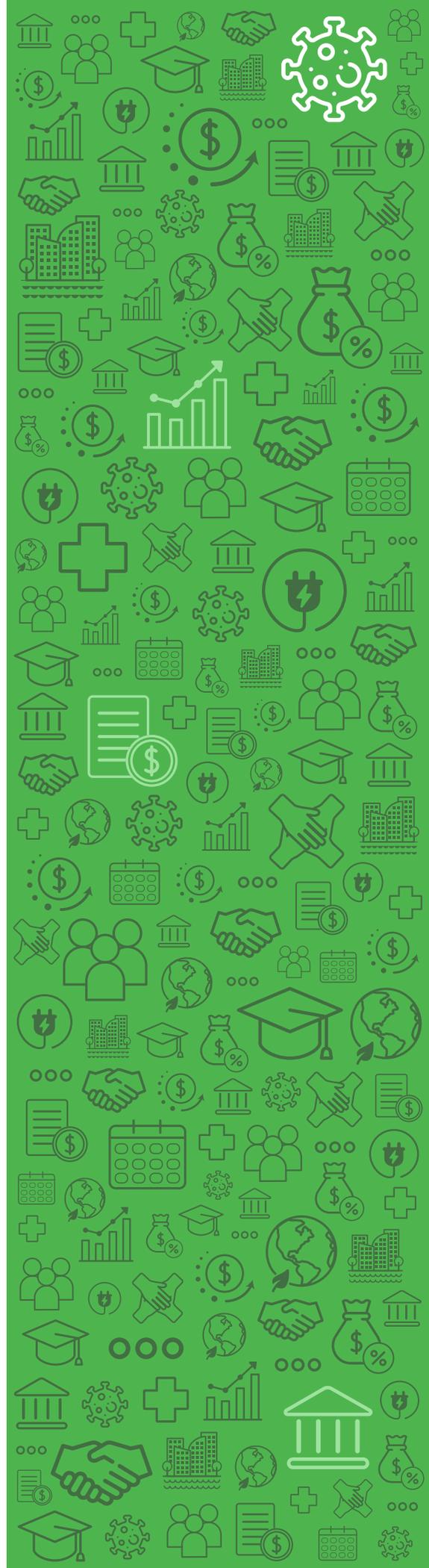
2022

Expenditure Monitor 2021-22: Q3



FAO

FINANCIAL ACCOUNTABILITY
OFFICE OF ONTARIO



Highlights

- This report provides an update on the Province's 2021-22 spending plan and reviews unaudited spending by the government over the first three quarters of the 2021-22 fiscal year (April 1, 2021 to December 31, 2021).

Changes to the 2021-22 Spending Plan

- The Province started the 2021-22 fiscal year with a spending plan of \$178.3 billion.¹ As of the end of the third quarter, December 31, 2021, the spending plan was up \$4.1 billion to \$182.4 billion. By sector, the largest spending plan increase went to **'other programs,'** at \$2,699 million,² followed by a net \$1,057 million increase to the Province's **unallocated funds**. The remaining sectors received a combined \$350 million in spending plan increases: **health** (\$138 million), **justice** (\$100 million), **education** (\$88 million), **postsecondary education** (\$12 million) and **children's and social services** (\$11 million).

Actual Spending vs. Planned Spending

- The Province spent \$119.9 billion over the first three quarters of the 2021-22 fiscal year, which was \$5.5 billion (4.4 per cent) less than planned.
 - Most sectors spent less than planned, led by **'other programs'** (\$2,285 million), **health** (\$1,293 million), **children's and social services** (\$1,206 million), **interest on debt** (\$438 million), **postsecondary education** (\$391 million) and **education** (\$212 million). Only the **justice sector** spent more than planned over the first three quarters of 2021-22, at \$305 million.
 - Key programs with lower-than-expected spending as of December 31, 2021 include the following:
 - In the **health sector**, the Province spent \$999 million (39 per cent) of the \$2.5 billion revised budget for the COVID-19 Response program. There was also lower-than-expected spending on payments to physicians, provincial drug programs and hospital capital projects.
 - In the **education sector**, the Province spent \$733 million (43 per cent) of the \$1.7 billion budget for the School Board Capital Grants program and \$252 million (38 per cent) of the \$661 million budget for the Investing in Canada Infrastructure Program.
 - In the **children's and social services sector**, the Province spent \$334 million (56 per cent) of the \$600 million budget for the Autism program and \$1.6 billion (62 per cent) of the \$2.7 billion budget for the Ontario Works – Financial Assistance program.
 - In the **'other programs' sector**, the Province spent \$28 million (four per cent) of the \$630 million revised budget for municipal transit projects and \$204 million (16 per cent) of the Ministry of Infrastructure's entire \$1.2 billion revised budget.
 - Spending information for all of the Province's programs by ministry is available on the FAO's website at: <https://tinyurl.com/y8vy3jf9>.

¹ As detailed in the 2021 Ontario Budget and the 2021-22 Expenditure Estimates. Excludes \$7.8 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 \$4.0 billion in additional planned spending on capital assets and \$1.2 billion on operating assets.

² Third quarter spending plan increases in the **'other programs'** sector include \$1,355 million for Metrolinx transit infrastructure investments, \$176 million for Metrolinx operating subsidies, \$345 million for municipal transit operations, and \$300 million for the Ontario Business Costs Rebate Program.

Status of Unallocated Funds

- As of December 31, 2021, \$3.1 billion in unallocated funds remained in the Contingency Fund and the Time-Limited COVID-19 Fund. However, in the Province's 2021-22 Third Quarter Finances, which reflects government decisions on the use of unallocated funds through to February 2, 2022, the Province reported remaining unallocated funds of \$1.6 billion. This indicates that the Province transferred approximately \$1.5 billion in unallocated funds to various government programs between January 1, 2022 and February 2, 2022. These transactions will be reviewed in the FAO's fourth quarter report.

Fourth Quarter Expectations

- Looking ahead to the fourth quarter, the FAO expects that the pace of government spending will increase due to the impact of the Omicron wave of the COVID-19 pandemic on the health sector and the introduction of new fourth quarter spending programs.³

Introduction

This report provides information on spending by the Government of Ontario (the Province) over the first three quarters of the 2021-22 fiscal year, from April 1, 2021 to December 31, 2021. The report:

- identifies changes to the Province's 2021-22 spending plan;
- reviews unaudited actual spending in the first three quarters of 2021-22 against both planned spending and actual spending over the same time period in 2020-21; and
- tracks transfers from, and top-ups to, the Province's two unallocated funds: the Contingency Fund and the Time-Limited COVID-19 Fund.

The information in this report is based on the FAO's analysis of the 2021-22 Expenditure Estimates, the Supplementary Estimates, 2021-22 (1st and 2nd editions), and transactions recorded in the Province's Integrated Financial Information System (IFIS) as of December 31, 2021.

Changes to the 2021-22 Spending Plan

Overview

The Province began the 2021-22 fiscal year with a spending plan of \$178.3 billion.⁴ As of the end of the third quarter, the spending plan was up \$4.1 billion to \$182.4 billion. During the first and second quarters, the spending plan decreased by a net \$16 million; however, in the third quarter, the Province added \$4,122 million in planned spending.⁵

³ For example, new fourth quarter programs include the Ontario Business Costs Rebate Program, the Ontario Small Business Relief Grant and the decision to set electricity prices 24 hours a day at the current off-peak rate of 8.2 cents per kilowatt-hour for residential, small business and farm ratepayers for 21 days starting on January 18, 2022.

⁴ As detailed in the 2021 Ontario Budget and the 2021-22 Expenditure Estimates. Excludes \$7.8 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 \$4.0 billion in additional planned spending on capital assets and \$1.2 billion on operating assets.

⁵ Through the tabling of two editions of supplementary estimates. In the government's 2021-22 Third Quarter Finances, the Province reported a spending plan increase of \$2.6 billion. The main difference between the \$4.1 billion increase reported by the FAO and the Province's \$2.6 billion increase is an additional \$1,355 million for Metrolinx transit infrastructure investments. The Province's spending plan in the 2021-22 Third Quarter Finances is reported on a fully consolidated basis, so this additional investment will be expensed over the life of the asset.

By sector, through three quarters of the fiscal year, the largest spending plan increase went to 'other programs,' at \$2,699 million, followed by a net \$1,057 million increase to the Province's unallocated funds. The remaining sectors received a combined \$350 million in spending plan increases: health (\$138 million), justice (\$100 million), education (\$88 million), postsecondary education (\$12 million) and children's and social services (\$11 million).

Table 1: Changes to the 2021-22 spending plan by sector, as of December 31, 2021, \$ millions

Sector	2021-22 Spending Plan	Q1 Changes	Q2 Changes	Q3 Changes	Total Changes	Revised 2021-22 Spending Plan
Health	71,184	5	15	118	138	71,322
Education	32,847	6	-	82	88	32,935
Postsecondary Education	6,987	-	-	12	12	6,999
Children's and Social Services	18,108	-	1	9	11	18,119
Justice	5,192	10	1	89	100	5,292
Other Programs	29,472	445	209	2,045	2,699	32,171
Unallocated Funds:						
Contingency Fund	2,080	-474	-235	-99	-808	1,272
Time-Limited COVID-19 Fund	-	-	-	1,865	1,865	1,865
Interest on Debt	12,419	-	-	-	-	12,419
Total	178,290	-7	-9	4,122	4,106	182,396

Note: Figures exclude planned spending on some assets and \$7.8 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 2021-22 Expenditure Estimates and information provided by Treasury Board Secretariat.

Status of Unallocated Funds

The Province started the 2021-22 fiscal year with a total of \$2.1 billion in unallocated funds in the Contingency Fund. In the third quarter, the Province created the Time-Limited COVID-19 Fund, with a starting balance of \$2.7 billion, and topped up the Contingency Fund by \$0.3 billion, for total available unallocated funds of \$5.1 billion. Through the first three quarters of the fiscal year, the Province transferred a net \$2.0 billion from the two unallocated funds to various government programs, resulting in a combined remaining balance, as of December 31, 2021, of \$3.1 billion in unallocated funds.⁶

In contrast, in the government's 2021-22 Third Quarter Finances, the Province reported a combined remaining balance of \$1.6 billion in unallocated funds (\$500 million in the Time-Limited Covid-19 Fund and \$1,099 million in the Contingency Fund). However, the 2021-22 Third Quarter Finances reflects government decisions on the use of unallocated funds through to February 2, 2022, while the FAO's report reflects the status of unallocated funds as of December 31, 2021. This indicates that the Province transferred approximately \$1.5 billion in unallocated funds to various government programs between January 1, 2022 and February 2, 2022. These transactions will be reviewed in the FAO's fourth quarter report.

⁶ See tables 4, 5 and 6 for more details.

Third Quarter Analysis⁷

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://tinyurl.com/y8vy3jf9>.

Health: \$118 million increase. Notable changes include:

- \$123 million increase for the Long-Term Care Homes Program (Operating) (Vote-Item 4502-1).
- \$32 million decrease for Health Services (Vote-Item 1416-1), consisting of a \$105 million decrease for the Operation of Hospitals (these funds were transferred to the Ministry of Government and Consumer Services' Ontario Shared Services program for the procurement of Personal Protective Equipment (PPE) and other COVID-19-related supplies), a \$61 million increase for Home Care, and a \$12 million increase for Community Mental Health.

Education: \$82 million increase. Notable changes include:

- \$78 million increase to Elementary and Secondary Education Program – Policy and Program Delivery (Vote-Item 1002-1), for the Priorities and Partnerships Funding – School Boards program.

Justice: \$89 million increase. Notable changes include:

- \$58 million increase for the Alcohol and Gaming Commission of Ontario (Vote-Item 308-1).

Other Programs: \$2,045 million increase. Notable changes include:

- \$929 million increase for the Ministry of Transportation, Agency Oversight and Partnerships (Capital) (Vote-Item 2702-3), consisting of a \$1,355 million increase for Metrolinx (Capital), offset by a \$426 million decrease for Municipal Transit (Capital).
- \$521 million increase for the Ministry of Transportation, Agency Oversight and Partnerships (Operating) (Vote-Item 2702-2), consisting of a \$176 million increase for Metrolinx Operating Subsidies and a \$345 million increase for municipal transit operations.
- \$385 million increase for Treasury Board Secretariat, Employee and Pensioner Benefits (Employer Share) (Vote-Item 3403-1).
- \$210 million increase for Tax and Benefits Administration (Vote-Item 1209-1), for the property tax component of the Ontario Business Costs Rebate Program.
- \$105 million increase for Ontario Shared Services (Vote-Item 1811-05), for the procurement of PPE and other COVID-19-related supplies.
- \$50 million increase for Energy Development and Management – Policy and Programs (Vote-Item 2205-1), for the energy costs component of the Ontario Business Costs Rebate Program.
- \$154 million decrease for the Ministry of Infrastructure, Infrastructure Programs (Capital) (Vote-Item 4003-2), including a \$200 million increase for Municipal Infrastructure, a \$207 million decrease for Broadband and Cellular Infrastructure, an \$86 million decrease for ICIP – COVID-19 Resilience (Federal and Provincial Contributions), and a combined \$61 million decrease in five other programs.
- A net \$1 million decrease for 27 additional vote-items in the 'other programs' sector. For more information, visit the FAO's website at: <https://tinyurl.com/y8vy3jf9>.

⁷ For first and second quarter analysis, see FAO, "Expenditure Monitor 2021-22: Q1," 2021, and FAO, "Expenditure Monitor 2021-22: Q2," 2021.

Actual Spending to Date

Unaudited Actual Spending vs. Planned Spending

Over the first three quarters of the 2021-22 fiscal year, the Province spent \$119.9 billion. Overall, this is \$5.5 billion (4.4 per cent) less than planned,⁸ which is a slower pace of spending than over the same time period in the last two fiscal years.⁹ Looking ahead to the fourth quarter, the FAO expects that the pace of spending will increase due to the impact of the Omicron wave of the COVID-19 pandemic on the health sector and the introduction of new fourth quarter spending programs.¹⁰

Table 2: 2021-22 spending by sector, as of December 31, 2021, \$ millions

Sector	Revised 2021-22 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	71,322	52,799	51,507	-1,293	-2.4%
Education	32,935	18,556	18,344	-212	-1.1%
Postsecondary Education	6,999	5,334	4,943	-391	-7.3%
Children's and Social Services	18,119	14,039	12,833	-1,206	-8.6%
Justice	5,292	3,627	3,931	305	8.4%
Other Programs	32,171	21,850	19,565	-2,285	-10.5%
Unallocated Funds:					
Contingency Fund	1,272	-	-	-	N/A
Time-Limited COVID-19 Fund	1,865	-	-	-	N/A
Interest on Debt	12,419	9,235	8,796	-438	-4.7%
Total	182,396	125,439	119,919	-5,521	-4.4%

Note: Figures exclude spending on some assets and additional 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 2021-22 Expenditure Estimates and information provided by Treasury Board Secretariat.

Most sectors spent less than planned over the first three quarters of 2021-22, led by 'other programs' (\$2,285 million), health (\$1,293 million), children's and social services (\$1,206 million), interest on debt (\$438 million), postsecondary education (\$391 million) and education (\$212 million). Only the justice sector spent more than planned over the first three quarters of 2021-22, at \$305 million.

The rest of this section highlights key vote-item spending that was above and below plan through the third quarter of 2021-22. For information on spending by all of the Province's transfer payment programs and ministries, visit the FAO's website at: <https://tinyurl.com/y8vy3jf9>.

⁸ 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). Analysis excludes the Contingency Fund and the Time-Limited COVID-19 Fund, as unallocated funds do not have planned spending until funding is transferred to program sectors.

⁹ In 2019-20 and 2020-21, spending at the end of the third quarter was \$2.0 billion (1.7 per cent) below plan and \$3.1 billion (2.6 per cent) below plan, respectively.

¹⁰ For example, new fourth quarter programs include the Ontario Business Costs Rebate Program, the Ontario Small Business Relief Grant and the decision to set electricity prices 24 hours a day at the current off-peak rate of 8.2 cents per kilowatt-hour for residential, small business and farm ratepayers for 21 days starting on January 18, 2022.

Health sector spending: \$1,293 million (2.4 per cent) below plan. Highlights include:

- \$272 million above plan in Long-Term Care Program (Capital) (Vote-Item 4502-2), which provides capital funding to long-term care homes.
- \$209 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.
- \$169 million above plan in Programs and Administration (Vote-Item 1416-2), which funds Ontario Health programs and administration (Cancer Treatment and Screening, Digital Health, Regional Coordination Operations Support, Organ and Tissue Donation and Transplantation Services, etc.).
- \$177 million below plan in Health Capital (Vote-Item 1407-1), which provides capital funding to hospitals and other health care facilities.
- \$314 million below 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.
- \$470 million below plan in Ontario Health Insurance (Vote-Item 1405-1), which administers payments to physicians.
- \$670 million below plan in Population and Public Health (Vote-Item 1406-4), which is mainly driven by below-planned spending on the \$2.7 billion COVID-19 Response program.¹¹ As of December 31, 2021, the Province had spent \$999 million directly from the program's budget and transferred \$107 million to other programs,¹² resulting in remaining funds of \$1.5 billion.

Education sector spending: \$212 million (1.1 per cent) below plan. Highlights include:

- \$367 million above plan in Elementary and Secondary Education Program – Policy and Program Delivery (Vote-Item 1002-1), which mainly funds school boards.
- \$554 million below plan in Support for Elementary and Secondary Education (Capital) (Vote-Item 1002-3), largely due to the School Board Capital Grants program, which had spent 43 per cent of its \$1.7 billion budget through three quarters.

Postsecondary Education sector spending: \$391 million (7.3 per cent) below plan. Highlights include:

- \$364 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: \$1,206 million (8.6 per cent) below plan. Highlights include:

- \$1,115 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: \$2,285 million (10.5 per cent) below plan. Highlights include:

- \$160 million below plan in Community and Market Housing (Vote-Item 1904-2), which primarily funds housing and homelessness programs.

¹¹ The COVID-19 Response program, which is a distinct program from the \$2.7 billion Time-Limited COVID-19 Fund, provides funding for population and public health measures related to the COVID-19 pandemic.

¹² In the second quarter, the Province withdrew \$107 million from the COVID-19 Response program and transferred the funding to the Ministry of Health, Information Technology Services – Health Cluster (\$97 million) and to the Ministry of the Environment, Conservation and Parks, Wastewater Monitoring and Public Reporting (\$11 million), to support COVID-19-related measures.

- \$162 million below plan in Heritage, Tourism and Culture Programs (Vote-Item 3805-1), which funds programs supporting arts, cultural industries, archaeology, museums, heritage, public libraries and tourism in Ontario.
- \$354 million below plan in Infrastructure Programs (Capital) (Vote-Item 4003-2), which funds infrastructure programs, such as Municipal Infrastructure, Toronto Waterfront Revitalization, Broadband and Cellular Infrastructure, and various Federal-Provincial programs. Through three quarters, the Province had spent 15 per cent of the \$1.2 billion revised budget for Infrastructure Programs (Capital).
- \$355 million below plan in Electricity Price Mitigation Programs (Vote-Item 2206-1), which subsidizes electricity costs for individuals and businesses.
- \$358 million below plan in Economic Development, Job Creation and Trade (Vote-Item 902-13), which funds a number of business support programs.
- \$650 million below plan in Ministry of Transportation, Agency Oversight and Partnerships (Capital) (Vote-Item 2702-3), which funds infrastructure investments in provincial and municipal public transit. As of December 31, the ministry had spent 4.4 per cent of the \$630 million revised budget for municipal transit projects.
- A net \$247 million below plan in the remaining 278 vote-items in the 'other programs' sector. For more information, visit the FAO's website at: <https://tinyurl.com/y8vy3jf9>.

2021-22 Spending vs. 2020-21 Spending

In the first three quarters of 2021-22, the Province spent \$119.9 billion, which was \$3.2 billion (2.8 per cent) more than was spent in the first three quarters of 2020-21. Health (\$2,195 million), 'other programs' (\$1,789 million), justice (\$447 million), interest on debt (\$367 million) and postsecondary education (\$269 million) all spent more in the first three quarters of the 2021-22 fiscal year compared to the first three quarters of 2020-21. Conversely, education (-\$1,088 million) and children's and social services (-\$742 million) both spent less in the first three quarters of 2021-22 compared to 2020-21.

Table 3: Spending through the end of the third quarter by sector, 2021-22 vs. 2020-21, \$ millions

Sector	2021-22 Spending at end of Q3	2020-21 Spending at end of Q3	2021-22 vs. 2020-21	2021-22 vs. 2020-21 (%)
Health	51,507	49,311	2,195	4.5%
Education	18,344	19,432	-1,088	-5.6%
Postsecondary Education	4,943	4,674	269	5.8%
Children's and Social Services	12,833	13,575	-742	-5.5%
Justice	3,931	3,484	447	12.8%
Other Programs	19,565	17,776	1,789	10.1%
Interest on Debt	8,796	8,430	367	4.4%
Total	119,919	116,681	3,238	2.8%

Note: Figures exclude spending on some assets and additional 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 2021-22 Expenditure Estimates and information provided by Treasury Board Secretariat.

- The **health sector** spent \$2,195 million (4.5 per cent) more in the first three quarters of 2021-22 compared to 2020-21, largely due to higher spending for:
 - Population and Public Health (\$1,390 million);
 - payments to physicians (\$718 million);
 - the operation of long-term care homes (\$375 million) and capital investments (\$441 million);
 - Ontario Health programs and administration (Cancer Treatment and Screening, Digital Health, Regional Coordination Operations Support, Organ and Tissue Donation and Transplantation Services, etc.) (\$269 million);
 - Community and Priority Services (\$114 million); and
 - the Assistive Devices Program (\$91 million);

offset by lower spending on:

 - Home Care (-\$93 million);
 - Health Capital (-\$193 million);
 - Ontario Drug Programs (-\$239 million); and
 - the Operation of Hospitals (-\$866 million).
- The **education sector** spent \$1,088 million (5.6 per cent) less in the first three quarters of 2021-22 compared to 2020-21, largely due to:
 - lower spending for school board operating grants, as a result of the government's decision in 2020 to temporarily defer municipal Education Property Tax payments for 90 days (-\$1,260 million);¹³
 - lower spending on childcare payments to municipalities (-\$192 million); and
 - higher spending on school board infrastructure through the Investing in Canada Infrastructure Program (\$252 million).
- The **postsecondary education sector** spent \$269 million (5.8 per cent) more in the first three quarters of 2021-22 compared to 2020-21, largely due to higher spending on student financial aid.
- The **children's and social services sector** spent \$742 million (5.5 per cent) less in the first three quarters of 2021-22 compared to 2020-21, largely due to lower spending for Ontario Works (-\$490 million), the Ontario Disability Support Program (-\$115 million) and autism services (-\$139 million).
- The **justice sector** spent \$447 million (12.8 per cent) more in the first three quarters of 2021-22 compared to 2020-21, due to an increase in spending across a variety of programs, including Court Security, Legal Aid Ontario, and OPP Field and Traffic Services.
- The **'other programs' sector** spent \$1,789 million (10.1 per cent) more in the first three quarters of 2021-22 compared to 2020-21, largely due to higher spending for:
 - Metrolinx transit infrastructure projects (\$1,810 million);
 - Electricity Price Mitigation Programs (\$785 million), largely due to the introduction of the Renewable Cost Shift program in January 2021 (the fourth quarter of 2020-21);

¹³ In response to the COVID-19 pandemic, in 2020, 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. To ensure that the deferrals did not have a financial impact on school boards, the Province temporarily increased education spending in the first quarter of 2020-21. For more information, see FAO, "[Expenditure Monitor 2020-21: Q1](#)," 2020.

- Treasury Board Secretariat, Employee and Pensioner Benefits (Employer Share) (Vote 3403) (\$539 million);
- the Property Tax and Energy Cost Rebate Grants program (\$246 million);
- the Ontario COVID-19 Worker Income Protection Benefit program (\$200 million);
- operating subsidies for Metrolinx (\$193 million); and
- Public Protection programs (\$121 million), such as fighting forest fires in Northern Ontario;

offset by lower spending on:

- COVID-19-related funding for Ontario Shared Services, related to the procurement of PPE and other supplies (-\$165 million);
- Homelessness Programs (-\$278 million);
- COVID-19-related electricity supports in 2020-21, including the deferral of a portion of the Global Adjustment charge for commercial and industrial ratepayers in the first quarter of 2020-21 and the suspension of time-of-use electricity pricing at the “off-peak” rate from April 1, 2020 until May 31, 2020 (-\$545 million);
- one-time COVID-19-related funding for municipal transit operations in 2020-21 (-\$666 million); and
- one-time COVID-19-related funding for municipal operations in 2020-21 as part of the federal-provincial Safe Restart Agreement (-\$884 million).

Status of Unallocated Funds

The Province started the 2021-22 fiscal year with a total of \$2.1 billion in unallocated funds in the Contingency Fund. In the third quarter, the Province created the Time-Limited COVID-19 Fund, with a balance of \$2.7 billion, and topped up the Contingency Fund by \$0.3 billion, for total available unallocated funds of \$5.1 billion.

Unallocated funds cannot be spent directly by the Province but must be transferred to government programs through Treasury Board Orders. In the first and second quarters, the Province transferred a net \$709 million from the Contingency Fund to various programs, while in the third quarter the Province transferred a net \$419 million from the Contingency Fund and \$835 million from the Time-Limited COVID-19 Fund to various programs. This results in remaining balances, as of December 31, 2021, of \$1,272 million in the Contingency Fund and \$1,865 million in the Time-Limited COVID-19 Fund.¹⁴

Table 4: Status of unallocated funds as of December 31, 2021, \$ millions

Unallocated Fund	Opening Balance	Q1 Transfers	Q2 Transfers	Q3 Top-Ups	Q3 Transfers	Balance at end of Q3
Contingency Fund	2,080	-474	-235	320	-419	1,272
Time-Limited COVID-19 Fund	-	-	-	2,700	-835	1,865
Total	2,080	-474	-235	3,020	-1,254	3,138

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

The following tables provide information on third quarter transfers from the Time-Limited COVID-19 Fund and the Contingency Fund as of December 31, 2021.

¹⁴ In contrast, in the government's 2021-22 Third Quarter Finances, the Province reported a combined remaining balance of \$500 million in the Time-Limited Covid-19 Fund and \$1,099 million in the Contingency Fund. However, the 2021-22 Third Quarter Finances reflects government decisions on the use of unallocated funds through to February 2, 2022, while the FAO's report reflects the status of unallocated funds as of December 31, 2021. This indicates that the Province transferred approximately \$1.5 billion in unallocated funds to various government programs between January 1, 2022 and February 2, 2022. These transactions will be reviewed in the FAO's fourth quarter report.

Table 5: Time-Limited COVID-19 Fund status as of December 31, 2021, \$ millions

Ministry/Program	\$ millions
Opening Balance	-
Less: First Quarter Transfers	-
Less: Second Quarter Transfers	-
Add: Third Quarter Top-Up	2,700
Less: Third Quarter Transfers	
Ministry of Children, Community and Social Services	
Ministry Administration	9
Ministry of Colleges and Universities	
Grants for College Operating Costs	4
Grants for University Operating Costs	4
Grants for Indigenous Institute Operating Costs	<1
Ministry of Economic Development, Job Creation and Trade	
Futurepreneur	1
Ministry of Education	
Priorities and Partnerships Funding – School Boards	78
Ministry of Energy, Northern Development and Mines	
COVID-19 Response – Energy Rebate Grant	90
Ministry of Finance	
COVID-19 Response – Business Property Tax Rebate Grant	210
Ministry of Francophone Affairs	
Support for Long-Term Francophone Economic Development	<1
Ministry of Health	
Home Care	61
Community Mental Health	8
Digital Health Strategy and Programs	4
Ministry of Labour, Training and Skills Development	
Employment and Training	5
Ministry Administration	<1
Ministry for Seniors and Accessibility	
Seniors Affairs Transfer Payment	11
Ministry of the Solicitor General	
Anti-Racism Directorate	4
Ministry of Transportation	
Municipal Transit (Operating)	345
Total Third Quarter Transfers	-835
Balance as of December 31, 2021	1,865

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

Table 6: Contingency Fund status as of December 31, 2021, \$ millions

Ministry/Program	\$ millions
Opening Balance	2,080
Less: First Quarter Transfers	-474
Less: Second Quarter Transfers	-235
Add: Third Quarter Top-Up	320
Less: Third Quarter Transfers	
Ministry of Agriculture, Food and Rural Affairs	
Economic Development	<1
Ministry of the Attorney General	
Alcohol and Gaming Commission of Ontario	58
Criminal Law	1
Innovation Projects	<1
Ministry of Economic Development, Job Creation and Trade	
Sector Support Grants	2
Ministry of Energy, Northern Development and Mines	
COVID-19 Response – Energy Rebate Grant*	-40
Ontario Electricity Rebate*	-80
Ministry of Health	
Clinical Education	20
Community Mental Health	4
Ministry of Heritage, Sport, Tourism and Cultural Industries	
Agencies and Attractions Sector Support	49
Tourism Recovery and Support*	-80
Ministry of Indigenous Affairs	
Support for Indian Residential School Burial Sites	4
Ministry of Infrastructure	
Municipal Infrastructure	200
Municipal Infrastructure Investment Initiative*	-3
Community, Culture and Recreation (Provincial Contribution)*	-9
Community, Culture and Recreation (Federal Contribution)*	-12
ICIP – COVID-19 Resilience (Provincial Contribution)*	-16
Rural and Northern Infrastructure – Federal Contribution*	-17
Rural and Northern Infrastructure – Provincial Contribution*	-19
ICIP – COVID-19 Resilience (Federal Contribution)*	-65
Broadband and Cellular Infrastructure*	-207
Ministry of Labour, Training and Skills Development	
Ontario Jobs Training Tax Credit Transfer Payment	70
Employment and Training	2
Ontario Immigrant Nominee Program	1
Ministry of Long-Term Care	
Long-Term Care Homes – Operations	123



Ministry of Municipal Affairs and Housing	
Wheatley Residents Assistance Program	2
One-Time Assistance for Wheatley Explosion	2
Ministry for Seniors and Accessibility	
Seniors' Home Safety Tax Credit	10
Ministry of the Solicitor General	
OPP Investigations and Organized Crime	17
Anti-Racism Directorate	<1
OPP Field and Traffic Services	4
Institutional Services	2
External Relations Branch	2
OPP Corporate and Strategic Services	<1
Ministry of Transportation	
Metrolinx Operating Subsidies	5
Treasury Board Secretariat	
Employee and Pensioner Benefits (Employer Share)	385
Ontario Digital Service	5
Centre for People, Culture and Talent	2
Total Third Quarter Transfers	-419
Balance as of December 31, 2021	1,272

* Negative values represent transfers from ministry programs to the Contingency Fund.
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.

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