FOOD AND BEVERAGE ONTARIO

2023 Budget: Building a Strong Ontario

Areas of Interest for FBO Members

1. **Labour**
   - **Skills Development Fund**
   - **Better Jobs Ontario**
   - **Enhancing the Ontario Immigrant Nominee Program**
   - **Concluding the Extension of Time-Limited Paid COVID-19 Leave – ending March 31st, 2023**
2. **OMAFRA/Ministry of Colleges and Universities**
   - **Expanding Veterinary Training to better support the livestock agri-food sector**
   - **Investing in Ontario's Soil Strategy**
3. **Tax Measures**
   - **Ontario Made Manufacturing Investment Tax Credit**
   - **Helping Small Businesses Grow**
   - **Harmonizing Wine Tax in Response to World Trade Organization Settlement**
   - **Cutting the Gas Tax and Fuel Tax**
4. **Energy and Transit**
   - **Eliminating Double Fares - Eliminating double fares for most local transit services in the Greater Golden Horseshoe when commuters also use GO Transit services.**
   - **Clean Energy Credit Registry - Launching a voluntary clean energy credit registry**

1. Labour

Skills Development Fund - The government is enhancing the Skills Development Fund with an additional $75 million over the next three years. Since 2020, the government has invested close to $700 million in the Skills Development Fund to support those who face barriers in employment. To date, the government has delivered over 388 training projects to help more than 393,000 workers including carpenters, plumbers and health care workers take the next step in their careers within in-demand industries. (p. 70)

Better Jobs Ontario - For workers looking to retrain and get the skills they need for in-demand careers, Better Jobs Ontario provides eligible applicants with up to $28,000 to cover expenses including childcare, tuition and transportation for short-term training programs, such as micro-credentials. With an additional $15 million over the next three years, the government is ensuring more job seekers can match their skill set with the needs of Ontario's employers. The program is available for job seekers across Ontario such as youth, gig workers, newcomers and those on social assistance who face barriers finding stable jobs. With this investment, more workers will be able to join the over 7,700 people who have started training through Better Jobs Ontario since January 2021 (p. 71)

Enhancing the Ontario Immigrant Nominee Program - Enhancing the Ontario Immigrant Nominee Program To help address the ongoing labour shortages and support economic growth, **Ontario is investing an additional $25 million over three years to attract more skilled workers, including in-demand professionals in the skilled trades, through the Ontario Immigrant Nominee Program.** This program is focused on nominating applicants for permanent residency who have the skills and experience to support Ontario's ambitious Plan to Build. This additional funding will welcome more newcomers to Ontario by expanding staffing and information technology (IT) capabilities to speed up application processing times. (p.73)

Concluding the Extension of Time-Limited Paid COVID-19 Leave As a time-limited pandemic measure, the Ontario government introduced paid COVID-19 leave, a program designed to support people who needed to take time off work to isolate or get vaccinated. Ontario has now achieved one of the highest vaccination rates in the world, and consistent with the sunset date for this program in the Employment Standards Act, 2000, it will expire effective March 31, 2023. (p. 90)

2. OMAFRA/Ministry of Colleges and Universities

Expanding Veterinary Training - Remote and Northern communities face a shortage of veterinarians. To improve access to veterinary care across Ontario, the government is investing $14.7 million over two years, starting in 2024–25, to launch a new collaborative Doctor of Veterinary Medicine program with the University of Guelph and Lakehead University. This new program will allow an increase in enrolment by 20 new students per year, resulting in up to 80 new Doctor of Veterinary Medicine seats over four years, **to better support the livestock agri-food sector, when and where farmers need it most.** To further improve and increase veterinary capacity in underserviced areas of Ontario, the government is investing $900,000 over three years to launch a new Veterinary Incentive Program. The program will provide student loan assistance for up to 30 recently graduated veterinarians per year to relocate to underserviced areas and practice livestock veterinary medicine to address critical skill and labour shortages. (p. 76)

Investing in Ontario's Soil Strategy - Healthy soil is essential to strengthening Ontario's agri-food supply chain stability and local food production. Together with over 20 partners from the province's agriculture and food commodity organizations, academia and Conservation Authorities, Ontario has committed to developing and implementing Ontario's Agricultural Soil Health and Conservation Strategy. This soil strategy is a long-term framework that sets the vision, goals and objectives for soil health and conservation in Ontario to 2030 with accompanying actions and methods to measure progress. **The government has committed $9.5 million over the next three years to improve soil data mapping and soil evaluation and monitoring, and to support key commitments under the strategy.** Soil data and interpretive maps support on-farm decision-making, enabling farmers to innovate and use technology to improve their long-term viability so that they can remain competitive in the global market. (p.67)

3. Tax Measures

The Ontario Made Manufacturing Investment Tax Credit

The government is proposing the new Ontario Made Manufacturing Investment Tax Credit. It is a new 10 per cent refundable Corporate Income Tax credit for capital investments in buildings, machinery and equipment used in manufacturing or processing to continue to bring back manufacturing to Ontario. Eligible Corporations The credit would be available to Canadian-controlled private corporations (CCPCs) that make qualifying investments and that have a permanent establishment in Ontario. For the purposes of this credit, a permanent establishment means a fixed place of business including an office, a factory or a workshop. Qualifying Investments Qualifying investments would be expenditures for certain capital property included in Class 1 or Class 53 for capital cost allowance (CCA) purposes.

Note: The *refundable corporate income tax credit of up to $2 million a year for Canadian-controlled private corporations on qualifying investments in buildings, machinery and equipment for use in manufacturing or processing in the province…The proposed Ontario Made Manufacturing Investment Tax Credit would, if passed, provide an estimated $780 million over the next three years in Ontario income tax support to qualifying businesses. If passed, the tax credit would be available for qualifying investments up to a limit of $20 million in a taxation year and the limit would be prorated for a short taxation year."* Source: Ontario Introducing New Investment Tax Credit for Manufacturers - Government taking further action to bring more manufacturing jobs back to Ontario

Class 1 Property

Includes expenditures for constructing, renovating or acquiring buildings used for manufacturing or processing in Ontario that become available for use on or after March 23, 2023. To qualify as a building used for manufacturing, 90 per cent of the floor space of the building must be used at the end of the corporation's taxation year for manufacturing or processing in Ontario and the building must be eligible for the additional six per cent CCA permitted under the federal Income Tax Act (p. 181)

Class 53 Property

Qualifying investments in Class 53 would include expenditures for machinery and equipment used in the manufacturing or processing of goods in Ontario. The machinery and equipment would have to be acquired and become available for use on or after March 23, 2023, and before 2026. After 2025, qualifying investments would include expenditures for machinery and equipment used in the manufacturing or processing of goods for sale or lease that are included in Class 43(a). "Available for use" refers to the rules set out in the federal Income Tax Act that determine the taxation year in which a taxpayer can start to claim CCA for a depreciable property. Qualifying Investment Limit The credit would be available for qualifying investments up to a limit of $20 million in a taxation year and would be prorated for a short taxation year. An associated group of corporations would be subject to the $20 million limit. Three-Year Reviews The government would undertake a review of the credit every three years. The review would evaluate the credit for effectiveness, compliance burden and administrative costs. (p. 182)

Helping Small Businesses Grow

The Ontario small business Corporate Income Tax (CIT) rate is available to Canadian-controlled private corporations (CCPCs) and associated groups of CCPCs. Ontario's small business CIT rate is currently subject to a small business limit of $500,000 of active business income that phases out when a CCPC, or an associated group of CCPCs, has between $10 million and $15 million of taxable capital employed in Canada. **In the 2022 Ontario Economic Outlook and Fiscal Review, the government proposed to extend the phase-out range for Ontario's small business CIT rate to between $10 million and $50 million of taxable capital employed in Canada and is now introducing legislative amendments to implement this change.** This change would mirror the federal government's extension of the federal phase-out range for the federal small business CIT rate, which was recently legislated. This proposed measure would apply to taxation years that begin on or after April 7, 2022, for consistency with the federal effective date. (p. 182)

Harmonizing Wine Tax in Response to World Trade Organization Settlement

The government of Ontario is proposing to set a single 12 per cent basic tax rate on wine and wine coolers sold in off-site winery retail stores, including wine boutiques. The new rate would come into effect on July 1, 2023. The proposed amendment would replace the four separate basic tax rates that apply to wine sold in off-site winery retail stores with a single rate. The harmonized rate is expected to result in an overall tax reduction of about $4 million per year. These proposed changes are in response to a World Trade Organization settlement reached between Canada and Australia. (p. 184)

Cutting the Gas Tax and Fuel Tax

As part of its plan to help keep costs down for Ontario families and businesses, the government has extended the current gas tax and fuel tax rate cuts for an additional year, keeping the rates at 9 cents per litre until December 31, 2023. This extension follows legislation passed in spring 2022 that cut the gas tax by 5.7 cents per litre and the fuel tax by 5.3 cents per litre for six months. (p. 76)

4. Energy and Transit

Transit – Eliminating Double Fares

Eliminating double fares for most local transit services in the Greater Golden Horseshoe when commuters also use GO Transit services. This means that after riders pay their fare for a GO bus or train, they do not pay again when accessing most local transit services in the Greater Golden Horseshoe. The government has also increased PRESTO discounts for youth and postsecondary students and continues to provide more riders with more options and convenient ways to pay. This GO Transit co-fare discount applies to the following transit systems: Durham Region Transit, Milton Transit, Grand River Transit, Guelph Transit, Oakville Transit, MiWay (Mississauga Transit),Brampton Transit, Hamilton Street Railway, Burlington Transit, Bradford West Gwillimbury Transit,York Region Transit and Barrie Transit. The government is working to expand this initiative to support more people using public transit to come into Toronto. (p.77)

Clean Energy Registry

Launching a **voluntary clean energy credit registry** that provides businesses with a tool to meet their environmental and sustainability goals and demonstrate that their electricity has been sourced from clean resources, such as hydroelectric, solar, wind, bioenergy and nuclear power. (p.31)