

CCUA Analysis of the 2025 Ontario Government Budget

CCUA Ontario Government Relations Team

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Executive Summary

CCUA is pleased to provide Ontario credit unions with an analysis of the Ontario government's 2025 Budget, *A Plan to Protect Ontario*. The budget and accompanying financial documents can be accessed [here](#).

As with previous years, CCUA has reviewed the budget for references relevant to Ontario credit unions and the broader financial services sector. This year, the government intends to consult on providing Ontario credit unions the ability to raise capital outside of their membership by selling investment shares to non-members, allowing new access to private and capital markets within the province. CCUA has been working behind the scenes with the sector and the Ministry of Finance to move this along. We will continue to work with the sector and the Ministry when consultations are open for feedback.

In addition, the budget includes several broader economic and policy measures that may impact your members and communities. The key theme of this year's budget revolved around measures to protect Ontario workers, businesses, and jobs from the impact of U.S. tariffs and continued economic uncertainty.

CCUA will continue to monitor the budget bill as it progresses through the legislative process and will keep the sector informed of any developments or program details that are relevant to Ontario credit unions. Updates will be shared through the CCUA Insider newsletter.

Budget Highlights

Highlights of Budget 2025 that you need to know include:

- **Finances:** In 2024–25, Ontario is projecting a deficit of \$6.0 billion. The government forecasts a \$14.6 billion deficit in 2025–26, improving to a \$7.8 billion deficit in 2026–27, and a return to a \$0.2 billion surplus in 2027–28.
- **Infrastructure:** Planned investments over the next 10 years totalling over \$200 billion. Including \$33 billion in 2025-2026. The investments include:
 - \$30 billion over 10 years in planning and construction of highway expansion and rehabilitation projects.
 - \$61 billion over 10 years in public transit projects, including subways, LRTs, and GO expansion.
 - \$56 billion over 10 years in hospital infrastructure, including over 50 major projects.
 - \$30 billion over 10 years to build and renew schools and childcare spaces.
 - \$4 billion since 2019–20 for high-speed internet, connecting 120,000 more homes and businesses.
- **Healthcare:**
 - \$2.1 billion to connect every person in Ontario with a family doctor or primary care provider.
 - \$300 million for new Primary Care Teaching Clinics over the next 4 years, including \$60 million for 2025-2026.

- **Housing:**
 - \$2.3 billion over four years, beginning in 2024–25, to help build municipal housing-enabling infrastructure projects through the Municipal Housing Infrastructure Program (MHIP) and the Housing-Enabling Water Systems Fund (HEWSF).
 - Introduction of new tools to finance long-term care home construction through the Building Ontario Fund.
 - Continued support for affordable rental housing development and infrastructure upgrades.
- **Workforce:**
 - Additional \$1 billion investment in the Skills Development Fund, raising total investment to \$2.5 billion.
 - \$750 million in postsecondary support for new STEM program spaces.
 - Enhancing training programs for health care and skilled trades workforce.
- **Affordability:**
 - Permanently reducing gasoline and fuel tax rates.
 - Removing tolls from the remaining publicly owned portion of Highway 407 East.
 - Maintaining the One Fare transit discount program.
 - Continuing Ontario Electricity Support Program (OESP) enhancements.

Impact Items for Your Members

Below is a list of items and programs that we believe you need to be aware of. Included is a brief analysis of the possible impact and how it may relate to your members and their financial needs. *Please note this list is not exhaustive.*

Enabling Credit Unions to Raise Alternative Capital

It has been noted in the budget that the government will be launching consultations on providing Ontario credit unions the ability to raise capital outside of their membership by selling investment shares to non-members. This will allow credit unions to access public and private markets, providing a long-term source of capital. CCUA will continue to monitor and relay back to the sector when those consultations are live.

Ontario Made Manufacturing Investment Tax Credit Enhanced and Expanded

The Ontario Made Manufacturing Investment Tax Credit remains in place and has been temporarily enhanced and expanded. The government is proposing to temporarily increase the OMMITC rate that would allow qualifying corporations to claim a 15 per cent credit instead of the current 10 per cent. In addition, the government is proposing to expand support for Ontario's manufacturing industry by providing a non-refundable version of the OMMITC that would be available to qualifying corporations that are not CCPCs. Credit unions with members in manufacturing should explore cost-saving opportunities through this expanded credit.

WSIB Premium Reductions and Rebates Continue

The government is maintaining WSIB premium reductions and rebates. WSIB rates have been reduced to their lowest levels, saving employers an estimated \$150 million annually.

Additionally, \$4 billion in surplus WSIB funds will be rebated to safe employers in 2025. This will give more money back to your small business members.

Small Business Tax Rate Reduced to 3.2%

Ontario is maintaining the small business corporate income tax rate at 3.2% and expanding access to this rate, supporting competitiveness and reinvestment by small businesses across the province.

Regional Opportunities Investment Tax Credit

The Regional Opportunities Investment Tax Credit supports business investment and expansion in regions with slower employment growth. There are [funds available](#) for businesses that are making or wanting to make investments to expand in regions outlined by the government as lagging.

Aboriginal Loan Guarantee Program Relaunch

The government is relaunching the province's existing \$1 billion Aboriginal Loan Guarantee Program (ALGP) as the new \$3 billion Indigenous Opportunities Financing Program (IOFP) to support Indigenous participation in more sectors, offering generational economic opportunities for Indigenous Peoples in Ontario. The program will be transferred in full, with program oversight and administration, from the Ontario Financing Authority (OFA) to the Building Ontario Fund (BOF). We will monitor how credit unions can take part and support indigenous members and communities better. This was a an action item that CCUA advocated for and is pleased to see within the budget.

Comprehensive Electricity Plan to Continue

The Comprehensive Electricity Plan is lowering electricity costs by an estimated 11% to 14% in 2025 for medium and large industrial and commercial customers. Check to see if your larger business members qualify for this reduction opportunity in their utility bill.

Other Budget Items

Additional budget items that revolving around tariff-related initiatives include (but not limited to):

- \$11 Billion in Immediate Support for Businesses and Workers: Includes tax deferrals, WSIB rebates, and liquidity measures to mitigate tariff impacts (previously announced).
- \$9 Billion in Provincial Tax Deferrals: Six-month interest- and penalty-free deferral on select business taxes for 80,000 Ontario businesses (previously announced).
- \$40 Million Trade-Impacted Communities Program (TICP): Targeted funding to support local businesses and regions most affected by U.S. tariffs.
- \$20 Million for Worker Retraining Centres: Funding to establish training hubs for workers displaced by trade disruptions.
- Creation of the \$5 Billion Protecting Ontario Account: A strategic fund to provide liquidity and emergency relief for businesses hit by tariff-related disruptions.

- \$1 Billion in Immediate Liquidity Support from the Province and Federal Government: Emergency backstop funding for businesses that have exhausted other supports.
- \$50 Million Ontario Together Trade Fund: Helps businesses retool, reshore supply chains, and diversify trade partners beyond the U.S.
- Streamlining Resource Approvals for Critical Minerals: Cutting red tape to speed up domestic development and reduce foreign dependency in key sectors

General Budget Analysis

CCUA is pleased to see that credit unions received direct mention in the 2025 Ontario Budget through the Government's proposal to allow credit unions to raise capital from non-members. This marks a significant development and opportunity for the sector, with potential implications for capital flexibility, competitiveness, and growth. We will continue to engage closely with the Ministry of Finance and FSRA to ensure that any changes are implemented in a way that protects cooperative principles, prioritizes member governance, and supports the long-term sustainability of credit unions across Ontario. Additionally, we were pleased to see several key focus areas that we highlighted to the Minister and his team included within the budget.

This year's budget is shaped by the government's response to U.S. tariffs. As a result, the budget introduces several short-term economic supports, including tax deferrals, liquidity relief for businesses, and retraining programs for affected workers and sectors. At the same time, the government continues to emphasize strategic investments in infrastructure, domestic manufacturing, and critical minerals development as part of a broader economic resilience strategy.

Looking ahead, credit unions should anticipate continued government focus on cost containment, productivity, affordability measures, direct tariff relief (as needed) and domestic economic capacity building. Key policy areas such as workforce development, housing, and affordability will remain central, but new spending will likely be tightly scoped.

CCUA Ontario Team Ready to Serve

The Ontario Government Relations Team at CCUA is always ready to support you and your credit union. Please do not hesitate to reach out to us with feedback, questions, or ideas on future legislation, regulation, and areas where we can better serve you. We can be reached at the following:

Brent Furtney – Regional Director – bfurtney@ccua.com
 Damian Chiu – Policy Analyst – dchiu@ccua.com

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Canadian Credit Union Association

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