



Ontario Budget Highlights

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Impressions





Overall Themes

- Bold
- Calculated risk
- Business friendly
- Delayed gratification



Economic Outlook

- 2.5% decline in 2009
- Growth beginning in second half of 2009
- 2.3% real growth in 2010
- 3.3% real growth in 2011
- Average real growth rate 3.8%
- Average nominal growth rate 5.6%

Budget Projections

Total Revenue and Expenses

	2009	2010	2011	2012
Revenue	93.4	96.0	103.6	104.4
Expenses	97.3	108.9	114.6	112.9

Projected Deficits

2009	2010	2011	2012	2013	2014	2015
\$3.9 B	\$14.1B	12.2B	9.7B	8.0B	5.8B	3.1B

(includes annual contingency reserve \$1.2-\$1.5B)

Social Benefits

- Ontario Child Benefit \$1,100 – July 2009
- Increase social assistance rates by 2%
- Ontario Works and Ontario Disability Support Program benefits up 2%
- \$5M/yr to fund Rent Banks
- Increase minimum wage to \$10.25
- Senior Homeowners' Property Tax Grant - \$250 (2009)/\$500 (2010)



Tax Measures

- 1 VAT for Ontario at 13%
 - 3 transition payments
- Personal tax relief
- Corporate tax reforms



Single Sales Tax

- July 1, 2010 effective date
- 13% combined rate
- \$4.3B in Federal transition funding (2 yrs)
- \$260 per person permanent credit (low income)
- Exemptions for children's clothing/footwear, infant and child car seats, diapers, books, feminine hygiene

Single Sales Tax

- Transitional payments
 - \$1,000 per family <\$160,000 income
 - \$300 per single <\$80,000 income
- Reduced paperwork to save \$500M/yr
- New homes <\$400K 75%*8% rebate; rebate phased out between \$400K-\$500K
- MUSH sector kept whole (rebates)
- Same rate applies to hotels, alcohol



Single Sales Tax

- Transition credits for small business
 - \$300-\$1,000 up to \$500,000 in sales for first quarter after harmonization
- Small suppliers threshold same as GST
- PST Exempt items subject to point of sale rebate for consumers/still eligible for ITC for business
- PST applies to all used car sales

Single Sales Tax

- Businesses over \$10M in sales
 - No ITC on energy, unless used to produce goods for sale
 - No ITC on telecommunication other than internet and toll free numbers
 - No ITC on small vehicles (<3,000 kg) and fuel
 - No ITC on food, beverages, and entertainment
- No change to insurance tax

Personal Tax Measures

- Reduce lowest tax rate to 5.05% from 6.05% - lowest rate in Canada for low/modest income
- Reduced rate + Ontario tax reduction removes 90,000 people from tax rolls
- Reduce dividend tax credit to reflect reduced corporate tax rates

Corporate Tax Measures

- Reduce Small Business Rate to 4.5% 7/1/10
- Eliminate clawback of small business deduction 7/1/10
- Reduce general tax rate to 12% 7/1/10
- Reduce general tax rate to 10% 2013
- Reduce M&P rate to 10% 7/1/10
- Reduce CMT to 2.7% and increase thresholds to \$50M/\$100M

Corporate Tax Rates

	General	M&P	Small Bus	Claw-back
Current	14	12	5.5	4.25
July 1, 2010	12	10	4.5	-
July 1, 2011	11.5	10	4.5	-
July 1, 2012	11	10	4.5	-
July 1, 2013	10	10	4.5	-

Combined General Federal/Provincial tax rate drops to 25%

Combined Small Business Rate drops to 15.5%

15% below average Great Lakes States combined general rate/11% below average combined manufacturing rate

Corporate Tax Measures

- Enhanced CCA
 - New Equipment – 50% rate applies for 2010 and 2011
 - New computers – 100%
- Enhanced Co-Operative Education Credit
- Enhanced Apprenticeship Training Credit
- Capital tax eliminated on schedule (2010)
- Ontario Innovation Tax Credit – higher phase out range

Green Initiatives

- \$1B total spend
- Emerging Technologies (\$250M)
- Innovation Demonstration
- Life Science Research
- Green Tech Applied Research
- Genomics Research (\$5M)
- \$390M for Ont share of Fed Green Infrastructure Fund

Green Initiatives

- \$50M over 5 years for Smart Grid development (research, demonstration projects)
- Retrofitting program for MUSH buildings
- \$30M/yr to buy green tech products and demonstrate effectiveness for global marketing by Ontario businesses
- \$5M over 2 yrs for Green Job Skills



Green Initiatives

- Aim for North American emissions cap and trade system by 2012
- Ensure property tax not affected by energy efficiency enhancements

Spending

- Infrastructure - \$32.5B over 2 yrs
 - 146,000 jobs in 09/10
 - 168,000 jobs in 10/11
- \$700M for skills training and literacy
- \$90M for Youth summer employment
- \$1.2B: renovate 50k social housing units and build 4,500 affordable housing units
- \$40M/yr for destination marketing to Ontario tourism regions



Spending

- Health Care – up \$1.8B
- eHealth Strategy – electronic health record by 2015

Mississauga/Brampton Infrastructure

- Georgetown GO rail grade separation
- 3rd track for GO Lakeshore West
- Roy McMurtry Youth Centre
- Additional funding for high growth hospitals

Cottage Country Infrastructure

- Highway 69 (Parry Sound to Sudbury) – 4 lanes
- North Bay Regional HealthCentre
- Highway 11 to North Bay – 4 lanes
- Huronia Historical Parks revitalization

Agriculture Spending

- \$8M/yr to promote Ontario food products
- \$1.5M for planning of new agri-food research centres
- Improved definitions to allow marketing of “Ontario Food”



Pensions

- Longer period to fund shortfalls
- More clear info to workers and retirees on financial health of pension plan
- Phased retirement options
- Pension Reform Advisory Council
- Considering Pension Benefits Guarantee Fund as independent agency
- More to come in fall 2009

Pensions and RRSP's

- Locked In Retirement Accounts
 - allow unlocking of 50%
 - 2 year waiver of fees for financial hardship based applications
- Parallel Federal provisions for Home Buyer's Plan and decline in value of RRSP/RRIF after death
- Allow OTPP Board to manage other pensions

Miscellaneous

- Freeze MPP salaries for 1 year
- Work towards single securities regulator
- Reduce regulatory burden by 25%
- Find \$1B in efficiencies in 2011/12
- Mandate collaborative purchasing to increase buying power/reduce costs
- Reduce Public Service by 5% over 3 yrs through attrition and other measures