



BUDGET HIGHLIGHTS

March 29, 2011

Ontario Finance Minister Dwight Duncan delivered the provincial budget afternoon. Some highlights are as follows:

Finance

- The 2010-11 deficit is projected at \$16.7 billion, down from a forecast of \$19.7 billion in last years' budget;
- This year, program expense is expected to be \$2.6 billion below the 2010 forecast
- The deficit for next fiscal year (2011-12) is projected at \$16.3 billion, down from a forecast of \$17.3 billion;
- The province anticipates that Ontario will cut the deficit to \$13.3 billion in 2013-14 & eliminate the deficit by 2017-2018;
- Accumulated deficit-to-GDP ratio is forecast to increase from 24.1% in 2010-11 to 26.6 % in 2016-17;
- Growth was 2.8% in 2010 and is forecast at 2.4% in 2011, 2.7% in 2012, 2.7% in 2013 and 2.6% in 2014;
- Ontario has recovered 91% of all jobs lost during the recession, the unemployment rate is now 8.0% (Feb. 2011).

Infrastructure

- Over the next three years, the province plans to invest \$35 billion in infrastructure, including \$12.8 billion in 2011-12
- The previous two years of stimulus funding delivered \$12.0 billion of infrastructure funding in 2009-10 and \$14.1 billion in infrastructure funding in 2010-11;
- Ontario and the federal government have announced an extension of the funding deadline to October 31, 2011 for qualifying for short-term stimulus projects;
- For the upcoming fiscal year (2011-12), the province plans investing:
 - \$2.5 billion for public transit;
 - \$2.1 billion for highway expansion/ high occupancy lanes;
 - \$288 million for water/ waste-water initiatives;
 - \$792 million for other transportation initiatives such as municipal roads, airports, and planning activities.
- The province intends to launch a new 10-year capital plan this spring;
- Specific infrastructure initiatives include:
 - Construction on the Windsor-Essex Parkway – Ontario's busiest trade corridor;
 - Extending Highway 407 Easy from Brock Road in Pickering to Highway 35/115 in two phases, with full completion by 2020;
 - Completion of the Queen Elizabeth Way lane expansion through St. Catharines to be completed in 2011.

Taxes

- Planned reduction to Ontario's general statutory Corporate Income Tax rate to 10 per cent by 2013. The first step of the previously announced plan was implemented on July 1, 2010:
 - The general CIT rate was reduced to 12 per cent;
 - The small business CIT rate was reduced to 4.5 per cent;
 - The small business deduction surtax was eliminated.

Housing

- As part of the stimulus investments in 2009-10 and 2010-11, the province and the federal government invested \$704 million for social housing rehabilitation and energy retrofits of more than 185,000 social housing units in Ontario.
- The HST New Housing Rebate for the 2010 calendar year was estimated at \$910 million in the *Transparency in Taxation Report, 2010*. This enhanced tax rebate structure was strongly advocated for by OHBA working in conjunction with BILD and local HBAs across the province.
- The Ontario Ministry of Finance projects that housing starts will be 58,600 units in 2011, 63,800 in 2012 and 66,500 billion in 2013. This is slightly more optimistic than the CMHC projections