

Budget Highlights

The government announced and introduced:

- A single sales tax, a value-added tax, to be administered by the federal government.
- A deficit of \$3.9B for the fiscal year ending March 31, 2009 and \$14.1B for the upcoming fiscal year. A future deficit projection includes \$12.2B in 2010-11 and \$9.7B in 2011-12, for a combined total debt of \$39.9B over this period. The extended outlook is for a deficit of \$8B in 2012-13, \$5.8B in 2013-14, and \$3.1B in 2014-15, for a total new debt load of \$56.8B. This new debt will increase the total accumulated deficits from \$105.6B to \$162.4B, an increase of 54%.
- A plan to eliminate deficit by 2015-16.
- A \$32.5B investment in infrastructure (including \$5B from the federal government) over the next two years – An additional \$700M in funding for skills training over 2 years. These additional investments are expected to generate 300,000 jobs.
- Tax relief of \$10.6B over 3 years for individuals; business taxes to be cut by \$4.5B over 3 years.
- \$715M in initiatives to support industry partnerships in innovation.
- \$390M to match federal contribution to develop “green” initiatives.
- Healthcare remains the largest program expenditure, with 43% of total program expenditure (holding steady over the past few years).
- Infrastructure investment breaks down as follows:
 - \$9B for transportation
 - \$6B for hospitals
 - \$3.7B for education (including \$780M for colleges and universities)
 - \$850M for municipal infrastructure (stimulus plan represents 2.9% of GDP, above IMF minimum recommendation)
- Skills training measures include:
 - \$94M to support new Canadians, including bridge training and mentoring, over 2 years.
 - \$50M annually to enhance Co-operative Education Tax Credit and Apprenticeship Training Tax Credit.
- Tax measures:
 - \$1.1B in income tax cuts, by reducing the first tax rate from 6.05% to 5.05% in 2010. (However, the surtax thresholds are also being reduced. The 20% surtax which currently applies on basic Ontario tax above \$4,257 will apply on basic Ontario tax above \$3,978 as of 2010. Similarly, the 36% surtax that applies on basic Ontario tax above \$5,370 will apply on tax above \$5,091, thereby negating some of the benefit of the 1% reduction in the first tax rate.)
Corporate tax rate to be reduced from 14% to 12% on July 1, 2010 and 10% by 2013
 - Tax rate for small businesses to be reduced from 5.5% to 4.5%.
 - Corporate minimum tax to be reduced from 4% to 2.7%, and exempt more small and medium-sized businesses from the minimum tax.

- Tax measures, *continued...*:
 - Small business deduction surtax to be eliminated.
 - Extend the refundable Ontario Innovation Tax Credit to more small and medium-sized businesses.
- Spending cuts:
 - \$1B in unidentified efficiencies in 2011-12.
 - Salary freeze for MPPs.
 - Reduce the size of the Ontario Public Service by 5% over the next 3 years (mostly through attrition).
- Measures to promote innovation include:
 - \$300M for research infrastructure over 6 years, which will be available to leverage funding from the Canadian Foundation for Innovation.
 - \$250M over 5 years for a new Emerging Technologies Fund focusing on clean technologies, health and life sciences, information and communication technologies.
 - \$100M over 4 years for research in bio-medicine, focusing on genomics and gene-related research.
 - \$50M over 4 years to enhance the Innovation Demonstration Fund.