

# Moving Forward

Contributing to Ontario's Public Policy Dialogue  
Ontario Budget Summary March 2010

## Budget Highlights

The 2010-11 Ontario provincial budget provides few new tax measures and relatively few new program expenditures. The new tax measures include a new energy tax credit for northern Ontarians and an enhanced energy and property tax credit for low and middle income earners across Ontario. These tax credits are expected to cost \$455 million. Otherwise, the budget confirms the rollout of last year's announced sales and income tax reforms.

The government is projecting a 2.7 per cent increase in Ontario's GDP, a slightly lower projection than the average projections from the private sector. Ontario's GDP is anticipated to grow by 3.2 per cent in each of the following two years.

Despite measures to undertake an extensive program expenditure review, the government's program expenses are projected to grow by 6.5 per cent in the upcoming fiscal year, from \$108.8B to \$115.9B. Expenditure levels are projected to be lower in future years.

The deficit for 2009-10 is now pegged at \$21.3 B, lower than the \$24.7B projection as announced in the Fall 2009 economic statement, but significantly higher than the \$14.1B as announced in the budget paper at the beginning of the fiscal year.

The deficit for the upcoming fiscal year is \$19.7B, only a very slight reduction from the current year's deficit. The budget is expected to be balanced in 2017-18. However, the government

will have increased its total debt by \$110B by the time the budget is balanced. To put this figure in perspective, Ontario's total net debt was \$166B prior to the economic recession. On the positive side, Ontario's current debt/GDP ratio is lower than all G7 countries, with the exception of Canada.

Other key measures included in the budget are as follows:

- \$17B in stimulus spending in 2010/11. Projects are required to be complete in this upcoming fiscal year.
- Investment in clean energy to create 50,000 jobs in 3 years.
- Investment in clean water to create 22,000 jobs.
- \$310M investment to create 20,000 spaces in colleges and universities.
- 30,000 additional spaces in Second Career program.
- Support for financial services sector by:
  - Creating a Financial Services Leadership Council consisting of financial sector CEOs and government officials. The Council will help guide the work of the Toronto Financial Services Alliance (of which CGA Ontario is a member) as it implements a plan to improve the sector's competitiveness.
  - Supporting the work of the Council and TFSA to create opportunities by leveraging Ontario's record in the sector and its highly skilled and diverse workforce.
  - Working with the federal government and other provinces/territories to establish a national securities regulator and to have the regulator's operations based in Toronto.
- Full-day kindergarten for 35,000 children.

## Fiscal Plan and Outlook (\$billions)

	Interim	Plan	Outlook	
	2009/2010	2010/2011	2011/2012	2012/2013
Total Revenue	\$ 96.4	\$106.9	\$107.7	\$112.0
Expenses				
Programs	108.8	115.9	112.9	114.3
Interest on debt	8.9	10.0	11.1	12.5
Total Expense	117.7	125.9	124.1	126.9
Reserve	—	0.7	1.0	1.0
Deficit	21.3	19.7	17.3	15.9



We see more than numbers.