

## **EXPANDING OPPORTUNITIES FOR BUSINESS IN ONTARIO**

### **Investing in Ontario's Capacity for Growth and Economic Prosperity**

The McGuinty government continues to pursue a balanced economic plan, investing strategically to strengthen the capacity of Ontario's people and business to compete in the global economy. The 2007 Budget announces measures that focus on fostering a strong business climate, enhancing research and innovation, building a skilled workforce and strengthening key economic sectors.

#### **Fostering a Strong Business Climate**

To enhance the competitiveness of Ontario's tax system and strengthen its business environment, the government is proposing to:

- Accelerate the elimination of the capital tax to July 1, 2010, from January 1, 2012;
- Reduce high Business Education Taxes by \$540 million, benefiting more than 500,000 businesses in 321 municipalities across the province;
- Seek the enactment of legislation introduced last fall to streamline the administration of the Province's corporate tax system and harmonize with the federal corporate income tax base, which would provide Ontario business with a \$90 million annual Ontario corporate income tax cut, and up to an additional \$100 million in annual tax compliance savings; and
- Provide \$2.2 million to the Canadian Youth Business Foundation, which helps provide mentoring, financing and business resources to help young Canadians create their own successful businesses.

A competitive regulatory framework protects consumers and investors, and supports a positive business climate and growing economy. The government has established an Expert Commission on Pensions to make recommendations to ensure the Province's employment pension system remains sustainable. Gerry Phillips, as the Minister responsible for securities regulation, will continue to spearhead Ontario's leadership role in moving toward a common securities regulator that would sharpen Canada's competitive edge.

Investments in electricity infrastructure help support and enhance Ontario's economic competitiveness and quality of life. The McGuinty government's policies have initiated or supported one of the most ambitious near-term building programs in North America for new electricity generation. Since October 2003, about 3,500 megawatts (MW) of new supply have come on-line and about 8,300 MW of new supply projects are in progress or planned.

#### **Enhancing Research and Innovation**

The government is committed to expanding Ontario's foundation in research, innovation and commercialization with investments of \$1.7 billion over five years to 2009-10, including \$527 million for the Ontario Research Fund and \$279 million for the Ontario Institute for Cancer Research.

To ensure that Ontario maintains its competitive tax advantage for research and development, the government has proposed a 4.5 per cent non-refundable tax credit for Ontario-based scientific research and experimental development (SR&ED) expenditures effective for taxation years ending after 2008. This tax credit would replace a deduction that currently provides \$200 million annually in tax support for Ontario-based SR&ED and that would automatically expire upon corporate income tax base harmonization.

The 2007 Budget is announcing a number of new investments that will help boost Ontario's capacity to develop and market new environmental technologies, including:

- \$21 million to Queen's University, which is working in partnership with the private sector to establish a convergence centre for bio-products and bio-materials;
- \$15 million to the Ontario Centres of Excellence, which promote linkages between academia and businesses to bring to market energy innovations, such as low-carbon technologies;
- \$6 million to the Ontario BioAuto Council; this multi-industry initiative will help position the province as a global leader in manufacturing auto parts and other materials from agricultural and forestry feedstocks; and
- \$6 million to Lakehead University, which is building capacity to support competitive and sustainable development of Ontario's boreal forest.

## **Building a Skilled Workforce**

### *Modernizing and Expanding Ontario's Training System*

To help ensure that Ontario has the skilled tradespeople the economy requires, the government has introduced initiatives since 2003 to increase access to apprenticeships, including a 25 to 30 per cent refundable Apprenticeship Training Tax Credit to encourage businesses to hire and train apprentices in designated skilled trades. In the 2007 Budget, the government proposes to extend this tax credit to eligible apprentices who start employment before January 1, 2012, and add six more eligible trades:

- Entertainment industry power technician
- Process operator – power
- Tractor-trailer commercial driver
- Exterior insulated finish systems mechanic
- Information technology call centre inside sales agent
- Information technology call centre customer care agent.

The government is already supporting the expansion of apprenticeships by providing:

- \$100 million in annual funding to meet the goal of 26,000 new registered apprentices by 2007-08;
- \$4.5 million for 1,500 scholarships of \$1,000 and employer signing bonuses of \$2,000 to help at-risk youth enter apprenticeships; and
- \$8.25 million for the Ontario Youth Apprenticeship Program, providing opportunities for 24,000 students in 2006-07.

In addition, the government has increased funding to Employment Ontario – which was launched in January 2007 and will provide seamless and coordinated training, apprenticeship and other employment services – to nearly \$1 billion annually through the transfer of \$525 million under the Canada-Ontario Labour Market Development Agreement.

### *Breaking Down Barriers for New Canadians*

The government is currently spending \$146 million annually on services and new programs to help newcomers get established and accelerate their successful integration into Ontario's labour market. Current initiatives include:

- Providing \$53 million this year to help train and assess international medical graduates, up from \$16 million in 2003;
- Investing \$53 million annually in English as a Second Language/French as a Second Language classes;
- Working to implement a pilot Provincial Nominee Program that will allow Ontario to nominate individuals for permanent residence, based on its labour-market priorities;
- Introducing a new six-month internship program in the Ontario Public Service and Crown agencies;
- A new Fair Access to Regulated Professions Act, 2007, and a first-ever Fairness Commissioner; and
- Investing \$53 million in over 90 innovative bridge-training programs.

### **Strengthening Key Economic Sectors**

#### *Manufacturing*

To support Ontario's manufacturing sector, the 2007 Budget announces the creation of a new Ontario Manufacturing Council that would provide regular updates to the Minister of Economic Development and Trade on the state of this sector.

The government is also lowering the investment project size threshold for loan applications to enable more small and medium-sized businesses to participate in the Advanced Manufacturing Investment Strategy to create and retain jobs. The strategy supports manufacturers who invest in leading-edge technology and processes, including those that reduce energy use and environmental emissions.

#### *Entertainment and Creative Cluster*

Ontario's vibrant artistic and cultural industries contribute to the economic health of the province and the quality of life of Ontarians. In the 2007 Budget, the government is proposing to enhance certain entertainment industry tax credits, and to introduce the Status of Ontario's Artists Act, 2007, to recognize the contributions of artists to Ontario's economy and quality of life. Proposed new investments in support of the cultural sector and the entertainment and creative cluster include:

- \$20 million increase in annual funding by 2009-10 to the Ontario Trillium Foundation;
- \$15 million increase in annual funding by 2009-10 to the Ontario Arts Council;
- \$5 million in 2006-07 for Ontario public libraries;
- \$2.3 million to increase annual funding of the Community Museum Operating Grants program, starting in 2007-08;
- \$5 million in additional funding for the Ontario Media Development Corporation, which promotes and leverages investment, jobs and content creation in Ontario's cultural media cluster;
- \$5.5 million to Luminato – Toronto Festival of Arts and Creativity; and
- An additional \$12.5 million in 2006-07 to support the Toronto International Film Festival.

*Tourism*

Ontario's tourism industry is an important economic sector, contributing \$6.3 billion in real GDP to the Ontario economy in 2005. The 2007 Budget contains initiatives that build on the government's commitment to this industry, including:

- Proposing to extend to June 30, 2008, the retail sales tax exemption for Destination Marketing Fees, which are used to fund tourism marketing;
- Providing \$35 million to the City of Niagara Falls, which is planning the construction of a conference and convention facility; and
- Committing an additional \$2 million annually to the St. Lawrence Parks Commission to support tourism and preserve heritage sites.

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