

Foreword

Ontario's edge — its competitive advantage — is its people. Ontario is at its best when its people have the opportunities and tools they need to reach their full potential.

Since taking office in 2003, the McGuinty government has invested in the programs and services to help Ontario's people and families reach their full potential — publicly funded education, universal health care, modern infrastructure, support for vulnerable citizens and a greener Ontario.

The government has been able to support these priorities to help people and families because of its disciplined and prudent fiscal management over the past four years and because of its five-point economic plan. This plan encourages growth and job creation through ongoing investments in skills and knowledge, infrastructure, competitiveness, innovation and key partnerships.

These strategic investments, combined with the efforts of Ontario's hard-working people, have strengthened the economy and created jobs. Since October 2003, the Ontario economy has created 456,800 net new jobs, including 101,100 in 2007.

Although the Ontario economy continues to grow, a number of external factors — including a slower U.S. economy, higher oil prices and the stronger Canadian dollar — have caused growth to moderate. Some sectors and communities have lost jobs. In the 2007 Economic Outlook and Fiscal Review, the government took action to boost Ontario's ability to compete in the global economy by lowering costs for businesses, helping workers and communities adjust to competitive challenges, and investing in infrastructure.

The government cannot control the changes affecting Ontario's economy, but it can seize the economic opportunities they create and can, through its economic plan, help make these changes positive ones for families and businesses. The government's goal is to ensure that Ontarians have good, well-paying jobs that permit them to succeed and support their families. That means giving:

- **children and youth** the best possible elementary, secondary and postsecondary education, apprenticeship and skills training
- **workers of all ages** ongoing opportunities to upgrade their skills and pursue lifelong learning
- **workers facing change** the support and long-term retraining they need not just to find new jobs, but to find better jobs
- **newcomers to Ontario** the information, access, training and language skills they need to reach their potential
- **the unemployed and underemployed** the literacy skills, academic upgrading, training and support they need to enter the workforce.

In this Budget, the government continues its investments in its greatest strength — its people.

1. Investing in Skills and Knowledge

This Budget announces a \$1.5 billion, three-year Skills to Jobs Action Plan to help people get well-paying, stable jobs through programs that support new skills for new careers, increase access to postsecondary education and build places to learn. The centrepiece of the Skills to Jobs Action Plan is the Second Career Strategy — a \$355 million investment over three years to help 20,000 unemployed workers get long-term training for new and better careers. The Skills to Jobs Action Plan also includes \$75 million over the next three years to expand apprenticeship training. When combined with campus renewal capital investment included in the 2007 Economic Outlook and Fiscal Review, the government is investing \$2 billion in the Skills to Jobs Action Plan.

2. Investing in Infrastructure for a Stronger Ontario

For Ontario to achieve its full potential, it must have modern infrastructure that helps move people and goods quickly and efficiently. This Budget announces \$1 billion in new municipal infrastructure investments in 2007–08, including \$400 million for roads and bridges, \$497 million for public transit in the Greater Toronto Area and Hamilton, and \$100 million to rehabilitate existing social housing units, including improving their energy efficiency. As part of its Skills to Jobs Action Plan, the government is also investing an additional \$500 million to expand training centres, renew and expand university facilities, and enhance the College Equipment and Renewal Fund.

3. Lowering Business Costs

Ontario's competitive strengths make it an attractive place for businesses to locate and create jobs. Businesses in Ontario benefit from a well-trained and highly educated workforce, a publicly funded health care system, proximity to major markets, and excellent infrastructure and public services. Maintaining a tax system that is competitive builds on these strengths, promotes investment and encourages economic growth. This Budget proposes \$750 million in tax measures over four years to support businesses, primarily benefiting Ontario's manufacturing and resource sectors. These measures include eliminating and rebating the Capital Tax, retroactive to January 1, 2007, for businesses primarily engaged in manufacturing and resource activities. The government is also accelerating Business Education Tax rate cuts for northern businesses.

4. Strengthening the Environment for Innovation

Innovation is important to Ontario's future prosperity. This Budget includes measures to foster innovative firms, including a 10-year Ontario income tax exemption for new corporations that commercialize intellectual property developed by qualifying Canadian universities, colleges or research institutes. The government is also enhancing the Ontario Innovation Tax Credit and investing \$250 million over five years in the Ontario Research Fund.

5. Forming Key Partnerships to Strengthen Ontario

Key partnerships with industry are also an important part of the government's economic plan. This Budget announces several measures to boost financial and business services, entertainment/creative industries, tourism, manufacturing, mining, forestry and agriculture. Highlights include proposed enhancements to the Ontario Interactive Digital Media Tax Credit and modernization of financial services regulation. In addition to measures to strengthen key sectors, the Budget addresses the importance of the government's partnerships with Aboriginal peoples, municipalities and the federal government.

Improving Quality of Life for People

The government is committed to improving the quality of life for all Ontarians, including families and vulnerable citizens. This Budget invests in several initiatives under the government's Poverty Reduction Strategy, including \$135 million over three years to provide better dental care for low-income families and \$32 million over three years for the Student Nutrition Program. A two per cent increase to benefits under the Ontario Works and Ontario Disability Support Program, and to the comfort allowance for residents of long-term care homes, is proposed for 2008–09. The Budget also proposes a new property tax grant of \$1 billion over five years for low- and moderate-income senior homeowners.

Excellent public education, better health care and a greener Ontario are ongoing priorities for the government.

This Budget proposes several initiatives to improve student achievement, including investments to expand special education, Aboriginal education and English as a Second Language programs. Grants for Student Needs funding will rise to \$18.8 billion in 2008–09.

The government is also proposing to expand the Wait Time Strategy to include emergency departments; to move towards hiring 9,000 nurses by 2011–12; and to implement a new Chronic Disease Prevention and Management Strategy, starting with diabetes.

Measures to build a greener Ontario include proposing to extend the Retail Sales Tax exemption on ENERGY STAR® household appliances and light bulbs for an additional 13 months and initiatives to address climate change, including investments in public transit.

The government has been able to make major investments in people over the past four years and commit to future investments because of its disciplined, prudent and balanced management. The government has restored the Province's fiscal health, eliminating the \$5.5 billion deficit it inherited.

Building on this record of sound fiscal management, the Budget anticipates a 2007–08 surplus of \$600 million. The medium-term fiscal outlook projects balanced budgets for the following three years, putting Ontario on track to post six consecutive balanced budgets between 2005–06 and 2010–11, the most consecutive balanced budgets for the Province since 1908.¹

The government continues to urge the federal government to work with Ontario to address the province's current challenges and become a full partner in building Ontario's long-term prosperity. This requires new federal investments to help meet the needs of laid-off workers that are not being met by the federal Employment Insurance program, help Ontario manufacturers, partner with Ontario to invest in infrastructure and ensure fairness in federal health transfers to Ontario.

This Budget also builds on the government's investments since 2003 to strengthen health care, education and infrastructure, and protect the environment. These investments have yielded significant results.

In health care:

- wait times are down for cataract surgery, hip and knee replacements, cancer surgery, MRI scans, CT scans and pediatric surgery
- more than 500,000 Ontarians who didn't have a family doctor now have one
- more than 8,000 nurses have been hired between 2003 and 2008
- the Northern Ontario School of Medicine — Canada's first new medical school in over 30 years — has opened, and the government is creating four new satellite medical schools in Kitchener-Waterloo, Windsor, St. Catharines and Mississauga, contributing to an increase in first-year medical school enrolment of 23 per cent between 2003–04 and 2008–09.

In education:

- student achievement levels are up; Grades 3 and 6 test results have increased by an average of nine percentage points since 2002–03
- high school graduation rates have increased to 75 per cent from 68 per cent since 2003–04; 10,500 more students are graduating from high school every single year

¹ Based on today's accounting standards.

- 99.7 per cent of primary classes have 23 or fewer students, compared to 64 per cent in 2003–04, and 88.4 per cent have 20 or fewer students
- under the government’s \$6.2 billion Reaching Higher plan, 93,000 more students are attending colleges and universities than in 2002–03 — a 22 per cent increase
- 110,000 apprentices are learning a trade today — nearly 50,000 more than in 2002–03.

In infrastructure:

- the government is making significant progress to complete its five-year, \$30 billion ReNew Ontario infrastructure plan — creating the equivalent of about 330,000 full-time jobs. The government will invest another \$60 billion over 10 years to modernize infrastructure, creating the equivalent of about 660,000 full-time jobs by 2020.

For the environment:

- the government has created a greenbelt that protects approximately 1.8 million acres of environmentally sensitive and agricultural land in the Greater Golden Horseshoe
- the Next Generation of Jobs Fund is helping to develop clean auto and green technology/fuels
- transit projects across Ontario are reducing gridlock and pollution
- 50 million new trees will be planted by 2020 to fight climate change
- 640,000 homes have received a free energy-efficient light bulb through Project Porchlight, with assistance from government partnerships.

In this Budget, the first of its second mandate, the government is continuing to invest in the things that matter most to Ontarians. Through its investments in people, the government will further strengthen economic growth, create new jobs and continue to enhance the quality of life for all.

