

**Ontario Budget Creates Jobs for Families Today
and Builds Economy for Tomorrow**
*McGuinty Government Invests \$32.5 Billion in Infrastructure,
Proposes Sales Tax Reform and \$10.6 Billion in Tax Relief for People*

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NEWS

The McGuinty government's 2009 Budget lays out a plan to help families affected by the global economic crisis and positions Ontario to become more competitive for a more prosperous future.

The Ontario government is investing \$34 billion over two years to stimulate the economy. This timely and targeted investment includes \$32.5 billion in infrastructure spending and nearly \$700 million in additional funding for skills training. This will preserve or create more than 300,000 jobs over the next two years to support Ontario's families and communities.

The government is proposing to accelerate the phase-in of the Ontario Child Benefit (OCB) two years ahead of schedule, increase social assistance rates and invest in social housing infrastructure.

The Budget also proposes a comprehensive tax reform package that includes moving to a single, value-added sales tax at a combined rate of 13 per cent on July 1, 2010. Over the next three years, the McGuinty government is proposing \$10.6 billion in tax relief for people. This includes \$4 billion in transitional cash payments as well as ongoing, permanent tax relief. Business taxes would also be cut by \$4.5 billion over three years.

QUOTE

"Through this Budget, the McGuinty government is helping families who are being hurt by the global economic crisis," said Ontario Finance Minister Dwight Duncan. "But we're doing much more than that. With our comprehensive tax reform, we're making Ontario stronger and more competitive, and that will help our families and businesses when prosperity returns. This is the single most important thing we can do to create jobs and position our economy for future growth."

QUICK FACTS

Preserving and Creating Jobs Today

- The McGuinty government is allocating \$32.5 billion for infrastructure projects over the next two years, supporting an estimated 146,000 jobs in 2009-10 and 168,000 jobs in 2010-11.
- The 2009 Budget allocates nearly \$700 million over the next two years to new skills training and literacy initiatives and enhancements to existing programs.
- The government is increasing funding for summer employment opportunities for youth to nearly \$90 million, which would benefit more than 100,000 young people this summer, including youth in high-needs communities.

Investing in Children and Families

- The government is providing \$400 million more in children's benefits over the next three years, providing low- and middle-income families with up to \$1,100 annually per child in Ontario Child Benefit payments starting this July, providing additional payments to 115,000 families.
- The government is providing \$1.2 billion to renovate 50,000 social housing units and build 4,500 new affordable housing units for low-income seniors and people with disabilities.

Creating Jobs Tomorrow

Green Jobs for Tomorrow

- The government is providing approximately \$390 million to match Ontario's estimated share of the federal Green Infrastructure Fund to develop initiatives that assist in the implementation of the proposed Green Energy and Green Economy Act, 2009.

Accelerating Innovation

- The Budget announces \$250 million over five years for a new Emerging Technologies Fund that will include investments in green technology.

Comprehensive Tax Package

- Starting July 1, 2010, pending legislative approval, Ontario would move to a modern, single value-added sales tax to make Ontario more competitive and lead to job creation. Four Canadian provinces and more than 130 countries have adopted a value-added tax structure, which is more efficient than a retail sales tax and would enhance the ability of Ontario businesses to compete and grow.

- Books, diapers, children's clothing and footwear, children's car seats and car booster seats, and feminine hygiene products would be exempt from the provincial portion of the single sales tax
- To support new housing, newly constructed homes under \$400,000 would not be subject to an additional tax burden. Buyers of new homes valued between \$400,000 and \$500,000 could also claim a proportional rebate.
- The McGuinty government is proposing \$10.6 billion in temporary and permanent tax relief for people over three years to help consumers through the transition, and to provide a permanent personal income tax reduction and enriched ongoing sales tax and property tax relief for low- to middle-income people.
 - Eligible families with an income of \$160,000 or less would get three payments totalling \$1,000 to help them adjust to the new single sales tax. Eligible single people with an income of \$80,000 or less would get three payments totalling \$300
 - The first benefit payment would arrive in June 2010, the second in December 2010 and the third in June 2011.
- The government is also proposing:
 - One of the most generous sales tax credits in Canada, providing low- and middle-income Ontarians with a permanent refundable credit of up to \$260 for each adult and child
 - \$1.1 billion in income tax cuts, giving Ontario the lowest provincial tax rate in Canada for the first tax bracket.
- The 2009 Budget proposes \$4.5 billion in tax cuts for businesses over three years, making Ontario more competitive among its trading partners. Once fully implemented, the comprehensive tax reform package would cut Ontario's marginal effective tax rate on new business investment in half, making Ontario one of the most competitive jurisdictions in the industrialized world for new investments. Starting July 1, 2010, the government would:
 - Cut the general Corporate Income Tax (CIT) rate from 14 per cent to 12 per cent and reduce the rate to 10 per cent by 2013
 - Cut the CIT rate for small businesses from 5.5 per cent to 4.5 per cent
 - Cut the CIT rate for manufacturing and processing – helping businesses including farming, fishing, mining and logging – by 16.7 per cent, from 12 per cent to 10 per cent
 - Eliminate the CIT small business deduction surtax, making Ontario the only Canadian jurisdiction that would eliminate this barrier to growing small businesses
 - Exempt more small and medium-sized businesses from the Corporate Minimum Tax and cut the CMT rate from four per cent to 2.7 per cent.

Responsible Fiscal Management

- The global economic crisis has reduced government revenues significantly. The forecasted deficit is due to a significant deterioration in revenues and short-term measures to stimulate the economy, not to significant increases in core program spending.
- The 2009 Budget forecasts deficits of \$3.9 billion in 2008-09 and \$14.1 billion in 2009-10. It lays out a plan to balance the budget by 2015-16 with the same prudent management that eliminated the \$5.5 billion deficit that the government inherited in 2003.

Competitive Government

- To increase efforts to manage spending while protecting core public services, the government will:
 - Identify \$1 billion in efficiencies in 2011-12
 - Generate savings in the broader public sector by proposing certain mandatory procurement activities, such as collaborative purchasing
 - Propose freezing MPPs' salaries at their current level for the 2009-10 fiscal year
 - Reduce the size of the Ontario Public Service by five per cent over the next three years through attrition and other measures.

LEARN MORE

Read background information on the 2009 Ontario Budget:

- [Preserving and Creating Jobs](#)
- [Investments to Create Jobs Tomorrow](#)
- [Comprehensive Tax Reform Package](#)
- [Investing in Children and Families](#)
- [Ontario's Economic Outlook and Fiscal Plan](#)

Learn more about initiatives in the 2009 Budget for [health](#), [education](#) and other [sectors](#).

Read highlights of the Budget:

- [2009 Ontario Budget Highlights](#)
- [Helping Ontario Families](#)
- [Tax Savings for Families and Businesses](#)

Find out more about the comprehensive [tax reform](#) package in the 2009 Ontario Budget.

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