

STRONG AND VIBRANT COMMUNITIES

In light of current global economic challenges, it is more important than ever that governments work together to achieve an economically strong and competitive Ontario that offers a high quality of life to all its residents.

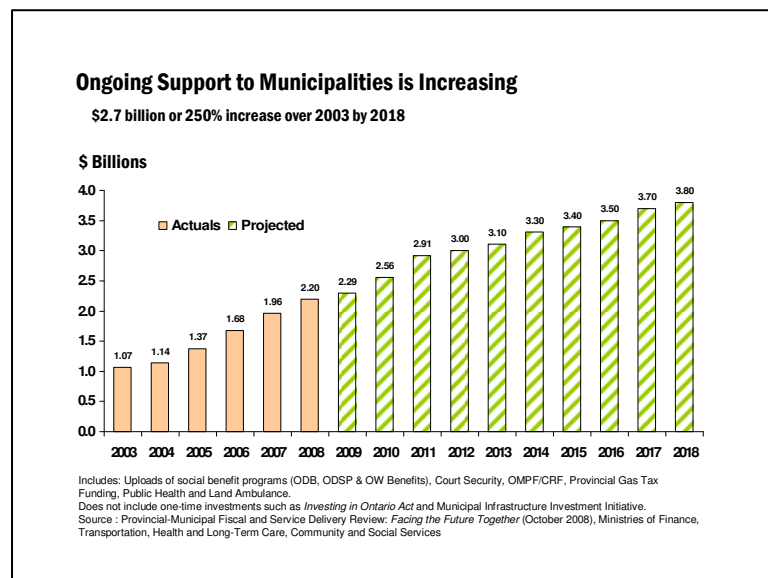
The McGuinty government and Ontario municipalities have embarked on a new era of partnership and mutual respect. This new spirit of partnership was exemplified by the recent landmark report of the Provincial-Municipal Fiscal and Service Delivery Review (PMFSDR), which sets out a historic agreement on the funding of social assistance benefit programs and court security costs.

Through the PMFSDR, the government announced the uploading of:

- Ontario Drug Benefits (ODB)
- Ontario Disability Support Program (ODSP)
- Ontario Works (OW) Benefits
- Up to \$125 million annually in court security costs (including offender transportation).

These historic uploads will represent a net benefit for municipalities of more than \$1.5 billion a year when they are completed in 2018. This will ensure that property tax dollars are available for important municipal priorities, including investments in infrastructure and economic development.

When combined with other investments, including the Ontario Municipal Partnership Fund, the gas tax program, as well as increased funding for public health and land ambulance, these uploads represent a significant increase in provincial support for municipalities. By 2018, the province will have increased ongoing annual support to municipalities to over \$3.8 billion — an increase of more than \$2.7 billion, or over 250 per cent, compared to 2003.



As part of its commitment to municipalities and the environment, the government will continue to make investments in public transit, building on the \$6.2 billion that it has spent across the province since 2005.

This Budget also announces new stimulus funding over two years for community infrastructure. By leveraging federal funding, approximately \$780 million in new funds will be provided for municipal projects such as arenas, libraries and local transportation projects. This builds on a one-time allocation of \$1.1 billion provided directly to municipalities through the *Investing in Ontario Act, 2008*.

CREATING OPPORTUNITIES IN NORTHERN ONTARIO

The government and the people of northern Ontario are working together in these challenging times to craft a growth plan for the region that will help it compete in the evolving global economy. Research done to support this plan shows that the region is establishing a presence in new sectors, such as the bioeconomy, as well as enhancing its research and commercialization capacities. At the same time, established sectors, such as mining and forest products, remain important cornerstones of the northern economy.

2009 Ontario Budget

In the 2009 Ontario Budget, the government is making strategic investments to help build the north's strengths and better position the region to seize opportunities in the new economy.

To expand export capacity and increase sales to international markets, the government is proposing to provide \$2 million annually for the next four years for mining equipment and service companies and forestry sector promotion.

To support infrastructure for the forest products and mining sectors, the government is planning to:

- Make new investments to improve resource access roads
- Invest additional resources in remote airports and the winter-road network.

The Budget also proposes a significant tax reform package that would make Ontario more competitive and includes cutting the Corporate Income Tax rate to 10 per cent from 12 per cent, effective July 1, 2010, for income from manufacturing, processing, mining, logging, fishing or farming.

In addition, the government is providing \$8 million over three years for infrastructure improvements at Fort William Historical Park.

Supporting the Forest Products Sector

To help the forest products sector face the challenges of increasing global competition, a slumping U.S. housing market and the volatility of the Canadian dollar, the government is:

- Providing about \$58 million to extend by one year the Northern Pulp and Paper Mill Electricity Transition Program, which will provide electricity price rebates of 1.8 cents per kilowatt-hour to qualifying mills
- Extending, for one year, reductions to the white birch and poplar stumpage rates

- Undertaking a review of Ontario's forest tenure and pricing systems in order to improve their design
- The government will review opportunities to increase the use of wood in construction and infrastructure projects.

Supporting the Mining Sector

The current global economic crisis is creating specific challenges for the mining sector. Mineral prices have dropped significantly from recent highs. The government is helping the mining sector face these and other challenges. The government is providing \$40 million over three years for initiatives to support *Mining Act* modernization to promote balanced development to benefit all Ontarians while supporting a vibrant Ontario minerals industry.

Enhancing Infrastructure in the North

The government recognizes the importance of transportation infrastructure to the success of business in Ontario's northern and rural communities. In the 2009 Ontario Budget, the government is investing a record total of \$648 million in 2009-10 in northern highway projects. This investment will benefit the Northern Highways Program, including the ongoing widening of Highway 69 to Sudbury and Highway 11 to North Bay to four lanes.

The government is also planning to invest additional resources in the remediation of the Mid-Canada Line radar sites.

Achievements Since 2003

These announcements build on existing investments in health, education and infrastructure that specifically address the north's unique circumstances. Examples include:

- Increased funding to the Northern Ontario Heritage Fund Corporation (NOHFC) from \$70 million in 2008-09 to \$100 million in 2011-12, including an increase of \$10 million for 2009-10. The NOHFC works with northern entrepreneurs, communities and business organizations to support vital community infrastructure and economic development projects that create jobs and enhance the quality of life in the north
- More than \$1 billion in assistance made available to the forest products sector since 2005 to stimulate new investments in value-added manufacturing and energy co-generation to help the sector reposition itself in the global marketplace
- Accelerated Business Education Tax (BET) rate cuts for northern businesses, resulting in total savings of more than \$70 million over three years, beginning in 2008
- A five-year \$1.8 billion program to renew and expand northern highways starting in 2005
- An additional \$282 million invested in northern Ontario school boards from 2002-03 to 2008-09, bringing total funding to \$1.4 billion — a 47 per cent increase per pupil
- Strategic funding for research and commercialization, including:
 - \$25 million to support the creation in Thunder Bay of the Centre for Research and Innovation in the Bio-economy focused on forestry
 - \$15 million toward the establishment in Sault Ste. Marie of a centre for invasive species management
 - \$14.7 million to develop a Molecular Medicine Research Center in Thunder Bay
 - \$10 million to support a new Centre for Excellence in Mining Innovation in Sudbury
- The Northern Ontario School of Medicine, which opened in 2005 and will graduate its first class this spring.

CREATING OPPORTUNITIES IN RURAL ONTARIO

Strong rural communities are important to developing a diversified and innovative provincial economy. Food and beverage manufacturing is the second-largest manufacturing sector in the Ontario economy. With crop and livestock sales totalling close to \$9 billion, Ontario farmers make an important economic contribution to the province. The McGuinty government is committed to supporting Ontario's farmers, and to working with rural communities and stakeholders to give them the opportunities they need to ensure a prosperous future.

2009 Ontario Budget

In 2009-10, ongoing support (base expenditures) by the Ministry of Agriculture, Food and Rural Affairs is increasing by 40 per cent, compared to 2006-07, including:

- \$8 million annually, starting in 2009-10, to promote Ontario food products to the broader public sector
- \$1.5 million for the Ministry of Agriculture, Food and Rural Affairs to plan the development of new agri-food research centres focused on livestock and crop production, renewable energy, nutrition and health
- Food producers will be better able to sell, and consumers will be better able to identify, Ontario foods with clearer Ontario Food definitions.

Through the Eastern Ontario Development Fund, the government will invest more than \$20 million this year to enhance investment attraction and help companies in the region invest in new technologies, new equipment, or skills training for their employees.

Achievements Since 2003

The measures announced in the 2009 Ontario Budget build on existing government initiatives to enhance opportunities for growth and support a high quality of life in Ontario's rural communities, including:

- With its federal and municipal partners, the government is investing \$1 billion under the Building Canada Fund for 290 infrastructure projects in Ontario communities with populations of fewer than 100,000 people
- \$400 million in 2007-08 for municipal roads and bridges outside Toronto
- Since 2003, the Rural Economic Development Program has invested \$71.4 million in 212 projects representing over \$625 million in investment to address barriers to economic development in rural communities in Ontario
- Adding more Family Health Teams to rural and underserved communities
- \$298 million in provincial funding under the Canada-Ontario Municipal Rural Infrastructure Fund (COMRIF) to help fund 280 infrastructure projects that included an Asset Management Program to help rural and small communities improve and increase their capacity to manage their infrastructure assets
- \$140 million in 2006-07 under the Rural Infrastructure Investment Initiative to help rural and small municipalities provide safe and reliable local infrastructure
- \$450 million in 2007-08 under the Municipal Infrastructure Investment Initiative to help municipalities outside Toronto implement construction-ready infrastructure projects in their communities
- An additional \$718 million for rural school boards from 2002-03 to 2008-09 — a 40 per cent increase per pupil

- The Rural Connections Program, which provided a total of \$10 million to 18 southern Ontario rural communities for broadband access in 2007-08. A new four-year extension of Rural Connections was announced in 2008, with over \$8.8 million in provincial funding for 15 projects announced as part of Intake One in November 2008
- Since 2003, the Rural Summer Jobs Service Program has provided over 6,700 employers with \$17 million to assist in the placement of over 23,000 students.

Agriculture Achievements

In the agricultural sector, the Ontario government has:

- Continued to support Ontario farmers through farm income stabilization and support programs — expenditures for these programs totalled more than \$1.5 billion over the 2003-04 to 2007-08 fiscal years
- Expanded the Land Transfer Tax exemption for transfers of the family farm to include transfers from family farm corporations to individual family members in 2008
- Increased consumer awareness and demand for the fresh, high-quality food produced in the province of Ontario through enhanced funding for Foodland Ontario and its expansion into other product areas, and support for local marketing initiatives through the Market Investment Fund
- Enhanced research, innovation, environmental stewardship and economic development investment through a \$25 million investment in the Agricultural Research Institute of Ontario and Vineland Research and Innovation Centre, \$6 million in research in the development of agricultural based bio-materials to be used in auto manufacturing, supporting over 200 economic development projects worth over \$70 million under the Rural Economic Development Program, the Ethanol Growth Fund to support ethanol fuel development, financial support for environmental farm plans and over \$10 million to support the development of green energy on-farm biogas power generation
- Updated and strengthened food safety monitoring, including increasing the number of inspector positions from 10 to 147, and \$25 million for compliance upgrading support for processors.