



BUDGET HIGHLIGHTS

March 27, 2012

Ontario Finance Minister Dwight Duncan delivered the provincial budget afternoon. Some highlights are as follows:

Finance

- The 2011-12 deficit is projected at \$15.3 billion, a \$1.0 billion improvement from last year's forecast;
- The deficit for next fiscal year (2012-13) is projected at \$15.2 billion and \$13.3 billion in 2013-14;
- Province plans to cut the deficit to \$10.7 billion in 2014-15 & eliminate the deficit by 2017-18;
- Accumulated deficit-to-GDP ratio is forecast to increase from 25.0% in 2011-12 to 26.1% in 2017-18;
- GDP growth was 1.8% in 2011 and is forecast at 1.7% in 2012, 2.2% in 2013, and 2.4% in 2014;
- Unemployment rate projected to drop from 7.8% in 2011, to 7.7% in 2012, and 7.4% in 2013;
- The cost of servicing Ontario's debt is approximately \$10 billion, which is the third highest annual expenditure behind health and education;

Infrastructure

- The short-term infrastructure plan was initially to invest \$35 billion in infrastructure over 3 years (2011-12 to 2013-14); including the \$12.9 billion spent during the current fiscal year in 2011-12;
- This province now plans to roll over the commitment for \$35 billion through the next three years on top of the \$12.9 billion spent last year (2012-13 through to 2014-15). This including another \$12.9 billion to be spent in 2012-13;
- Some specific infrastructure cuts/delays include:
 - Any planned High Occupancy Vehicle (HOV) lanes that are not currently under construction will be delayed (saving \$229 million over next six years) – the reductions do not effect Windsor-Essex Parkway, 407 East Extension and the new HOV lanes on Highway 417 in Ottawa;
 - Reduced hospital investments including cancelling four previously announced hospital projects;
 - MTO and Metrolinx have been requested to find \$1.4 billion in capital efficiencies over the next six years with these efficiencies weighted towards end of the six year period;
- Specific infrastructure initiatives include:
 - No public transit project commitments will be cut (i.e. Waterloo, Ottawa & Toronto expansions);
 - Transportation infrastructure spending will increase by 14.6% in 2012-13 over 2011-12;

Taxes

- Freeze on further reductions of the general *Corporate Income Tax Rate* (currently 11.5%) and education taxes for business until the budget is balanced;
- Cap *Ontario Clean Energy Benefit* for large users (over 3,000 kWh per month) saving \$500 million over four years;

Housing

- *The Ontario HST New Home Buyer Rebate* saved Ontario new home buyers \$1.005 billion in 2011;
- The adopted tax structure was advocated for by OHBA working in conjunction with local HBAs across Ontario;
- \$60 million in 2011-12 projected to be directed to the *Healthy Homes Renovation Tax Credit*;
- The provincial government forecasts 64,000 housing starts in 2012 and 63,000 in 2013;

Municipal

- In 2012-13, the province will continue the phased uploads from municipalities as agreed upon through the *Provincial Municipal Fiscal and Service Delivery Review* in 2008;