



ONTARIO 2013 BUDGET



Ontario Finance Minister Charles Sousa delivered the provincial budget afternoon. To review the OHBA Media Release commenting on the Provincial Budget please follow [this link](#) . Some highlights of the Provincial Budget are as follows:

Finance

- The 2012-13 deficit is projected at \$9.8 billion - \$5.0 billion lower than forecast in the 2012 budget;
- The deficit for next fiscal year (2013-14) is projected at \$11.7 billion, down from a previous forecast of \$12.8 billion;
- The province anticipates that the deficit will be cut to \$10.1 billion in 2014-15 & eliminated by 2017-2018;
- Net debt-to-GDP ratio is forecast at 37.5% in 2012-13 and is expected to increase to 39.3% in 2013-14;
- GDP growth was 1.6% in 2012 and is forecast at 1.5% in 2013, 2.3% in 2014 and 2.4% in 2015;
- The unemployment rate of 7.8% in 2012, is forecast to decline to 7.7% in 2013 & 7.4% in 2014;
- Land Transfer Tax revenue in 2012 is estimated to be \$85 million higher than forecast due to strong housing market;
- \$295 million over two years for Youth Jobs Strategy targeting 30,000 youth.

Taxes

- The planned corporate tax reductions to 10% will continue to be put on hold. The tax rate will remain at 11.5%;
- The province is proposing to increase the amount of annual payroll for small business that is exempt from the Employer Health Tax (from \$400,000 to \$450,000);
- The provincial government intends to strike a technical panel to evaluate the sustainability and effectiveness of refundable tax credits for businesses. Direction will be provided on whether existing business tax credits should be restructured, discontinued, maintained or replaced with grants.

Infrastructure

- The short term infrastructure plan last year was initially to invest \$35 billion in infrastructure over three years. The commitment has been extended by a year for a renewed \$35 billion commitment three year infrastructure plan;
- The province plans to spend \$13.5 billion in 2013-14 on infrastructure, following the \$11.8 billion spent in 2012-13;
- For the upcoming fiscal year (2013-14), the province plans investing:
 - \$3.4 billion for public transit;
 - \$2.2 billion for provincial highways;
 - \$753 million for municipal and local investment;
 - \$699 million for other transportation initiatives such as municipal roads, airports, and planning activities.
- Key ongoing provincial components of transit project investments include:
 - \$416 million towards the renewal of Toronto's streetcar fleet;
 - \$600 million towards Ottawa's LRT project;
 - \$300 million towards the Region of Waterloo's LRT project;
 - \$879 million towards the extension of the Spadina subway to Vaughan;
 - Investments in GO Transit over the next ten years are planned to increase riders by 20%.
- Specific highway initiatives include:
 - Widening sections of the 401 in the GTA and 417 in Ottawa;
 - Building the Rt. Hon. Herb Gray Parkway in Windsor & extension of the 407 in Durham;
 - New highway projects will include: improvements to #17 in Renfrew County and the province will proceed with 427 extension to Major Mackenzie in York Region;
 - New HOV lanes are planned on sections of the 401, 404, 410 & 427.
- New \$100 million fund for small, rural & northern municipalities to build roads, bridges & other critical infrastructure. Program will be designed over the summer with funds available on Oct 1, 2013.
- Province plans to act on new revenue tools for transit in the GTHA following the release of the Metrolinx Investment Strategy in June 2013. However, the 2013 Provincial Budget makes a commitment to convert select high-occupancy vehicle lanes into high-occupancy toll lanes (HOV/HOT). Carpooling drivers would continue to drive for free, but other drivers could choose to drive in these lanes for a toll.

Housing

- \$260 million is additional funding for home and community care services;
- Healthy Homes Renovation Tax Credit:
 - 2012-13 allocation estimate \$70 million;
 - 2013-14 allocation forecast \$85 million;
- The Provincial Budget forecasts 61,000 housing starts in 2013 and 60,000 in 2014.

Municipal

- The two cents per litre of the existing gas tax for municipal transportation infrastructure has been made permanent;
- In 2013-14, the province will continue the phased upload of:
 - Ontario Disability Support Program benefit costs;
 - Ontario Works benefit costs.
- The province is providing municipalities with ongoing support of approximately \$3.4 billion in 2013 – an increase of 200% from 2003. This support will increase to \$3.7 billion by 2016.



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