



Ontario Budget 2010: Summary and Highlights

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The McGuinty government tabled its 2010-2011 provincial budget on March 25, 2010. While the budget did not contain many new signature items, it did include measures to help eliminate the \$21.3 billion deficit and outlined Open Ontario, the government's five-year strategy to create jobs and growth in the province.

Indeed, compared to the province's 2009 document, this year's version is considerable light (and smaller) than previous years. There are virtually no new tax cutting measures, and limited new investments.

New funding came in the areas of childcare, post-secondary education, and investments in Northern Ontario.

Key highlights include:

- \$310M in new funding for 20,000 new spaces starting in September. These spaces will be permanent to the base operating funding of Ontario's colleges and universities;
- A reconfirmed commitment to increase the number of foreign student spaces by 50 per cent, which will be separate from the 20,000 new spaces that are to be created. The government will spend the next year developing a five year strategy.

- \$63.5 million to maintain 8,500 childcare spaces, which would have been in peril with the withdrawal of federal funding.
- \$150 million annually to create a three-year Northern Industrial Electricity Rate Program that will provide rebates of two cents per kilowatt-hour (about a 25% reduction on 2009 rates).
- A Northern Ontario Energy Credit to help offset higher energy costs for low to middle income residents in the North.
- A new coordinator to lead the effort in advancing the economic opportunities in the area of the Ring of Fire (an area in northern Ontario with significant mineral deposits).
- A commitment to create a strategy aimed at promoting new business and employment in the water sector by supporting the development and commercialization of water and wastewater technologies and infrastructure.
- While there was no new funding for infrastructure, the government will be completing the second year of its stimulus package announced in the 2009 budget.
- A signal that the government will be proposing reforms to the provincial drug program, which includes lowering generic drug prices.
- Ontario Hospitals will receive a 1.5 per cent base increase, which is substantially lower than what the sector normally receives each year.

- Wage freezes for public sector employees and MPPs. Current contracts will not be reopened but future bargaining will be constrained. The province is hoping to save money through this measure as half of government spending goes towards payroll.
- The government is also slowing down and postponing several transit projects in the GTA to save \$4 billion over the next five years.

The budget was also silent on several issues, including the future of nuclear in the province, as well as measures to maximize the value of Ontario's crown assets. Although not a part of the budget, Ontario will be launching a new investment attraction strategy for the bioscience industry in the coming weeks, following the sun setting of the Biopharmaceutical Investment Program (BIP). Also, the province will shortly begin planning for its 10-year capital plan - an important opportunity for those in the infrastructure sector.

For more information, please visit:

<http://www.fin.gov.on.ca/en/budget/ontariobudgets/2010/>

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