



# Ontario Budget Highlights

Bob Delaney, MPP Mississauga-Streetsville

&

S+C PARTNERS

Assurance. Tax. Advisory. Technology.





# Impressions





# Overall Themes

- Very few tax changes
- Fiscal position better than expected
- On track to balance budget next year
- Significant investments in key areas



# Economic Outlook

- Ontario is outperforming the rest of Canada
- For planning purposes, assuming 2.2% real GDP growth in 2016, and 2.4% in 2017 (inflation rates of 1.8%-2%)
- Unemployment below 7% and falling
- Exports rising (5.3% growth in 2015)



# Other Highlights

- Introduction of Cap and Trade for carbon, beginning in 2017
- Ongoing intensive review of program spending to find efficiencies and reduce costs
- Ontario Retirement Pension Plan coming in 2018
- Wine in grocery stores, this fall

# Budget Projections

## Total Revenue and Expenses

	2014/15	2015/16	2016/17	2017/18	2018/19
Revenue	\$118.5	\$126.5	\$130.6	\$137.7	\$141.9
Expenses	\$128.9	\$132.1	\$133.9	\$136.6	\$140.7

## Projected Deficits

2014/15	2015/16	2016/17	2017/18	2018/19
\$10.3B	\$5.7B	\$4.3B	\$NIL	\$NIL

(includes annual contingency reserve \$1B-\$1.2B)

# Revenue and Expenses

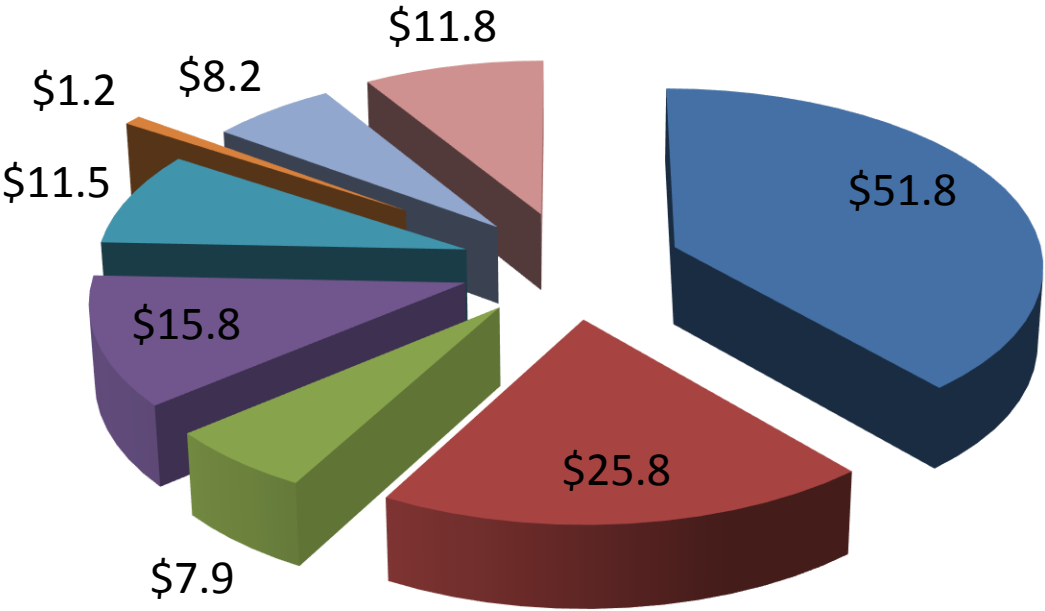
- Growth in revenues tied to economic performance, with greatest increase coming from personal income taxes
- Ontario's program spending per capita is the lowest in Canada
- Annual program review savings targets implemented: \$250M 2014/15; \$500M 2015/16

# Annual Growth In Spending

- Health 1.8%
- Education 1.2%
- Post Secondary and Training 1.1%
- Children's and Social Services 2.7%
- Justice 1.2%
- Other Programs 3.2% (Includes Infrastructure)
- **Interest on Debt 5.4%**

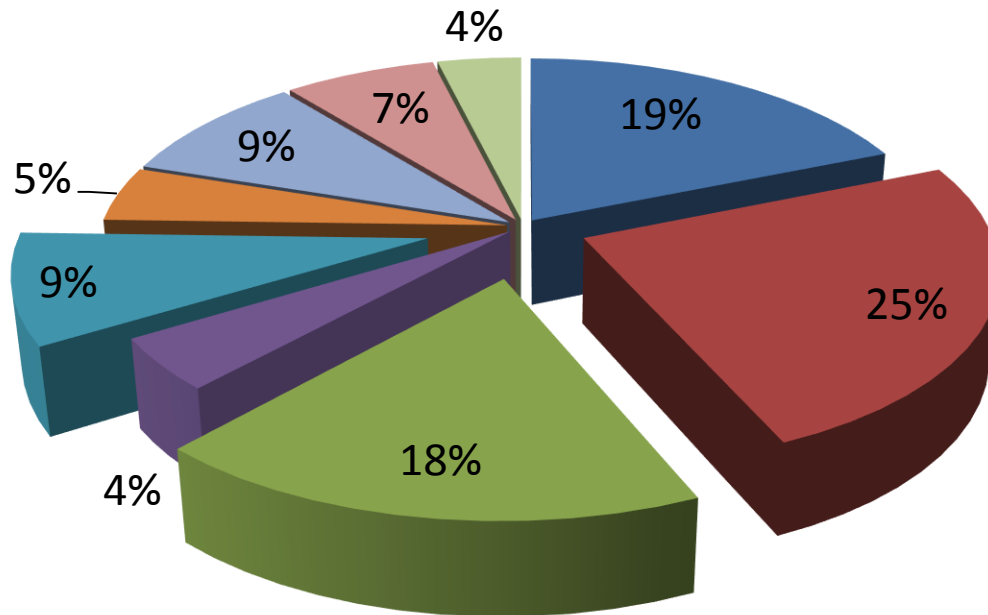


# Spending



- Health and Long Term Care
- Education
- Training, Colleges and Universities
- Children and Youth services
- Community and Social Services
- Infrastructure
- Other programs
- Interest on debt

# Revenue (%)



■ Federal Pmts

■ Sales Tax

■ Corp. Tax

■ Other Taxes

■ Income from Government Enterprises

■ Personal Tax

■ Education/Property Tax

■ EHT

■ Other Non-Tax Rev.



# Infrastructure

- Increased GO service through Meadowvale
- Funding for capital cost of Hurontario LRT
- HOT lanes on QEW (Trafalgar to Guelph Line)
- Widening HWY 410 from 401 to Queen
- >\$137B over the next 10 years

# Post Secondary Education

- Tuition and Education Credits eliminated as of Sept 2017
- New Ontario Student Grant, replacing various grant programs
  - Families with income below \$50K will receive full funding for average tuition costs
  - 50% of families with income below \$80K will receive grants > average tuition





# Healthcare

- \$50M per year to maintain hospital facilities
- \$12B over 10 years to build essential infrastructure
- Hospital parking costs to be reduced
- New funding for Hospice Services – commitment to funding additional 20 hospices



# Individuals

- No substantive changes to personal tax rates
- Dividend tax rates to increase slightly
- Kiddie Tax rate adjusted and exempted from sur-tax
- Children's Activity Tax Credit eliminated for 2017
- Healthy Homes Renovation Credit eliminated for 2017

# Corporate and Other Tax Measures

- No substantive changes to corporate tax
- SR&ED credits reduced and new targeted funding programs proposed
  - Advanced Manufacturing
  - Perimeter Institute
  - Partnering with colleges
- Reviewing Apprenticeship Training Tax Credit to ensure effectiveness

# Ontario Retirement Pension Plan

- Rollout of ORPP contributions delayed by 1 year for large employers
- ORPP will be phased in as planned by 2020
  - First year contributions 0.8%
  - Second year 1.6%
  - Third year 1.9%
- Large and medium employers start 2018; small employers start 2019





# QUESTIONS

