

ONTARIO BUDGET 2016

Highlights

The title of Ontario's 2016-17 budget plays into the widespread uncertainty about the province's near term economic prospects and the pervasive anxiety around job security. It's called *Jobs for Today and Tomorrow* and as the title would suggest, it's largely about job creation. It stays the course on the government's plan to manage costs and grow revenues and it's also designed to position the Liberal government for the next general election in a little more than two years down the road.

2015 -16 Highlights

- An improving US economy, the low value of the Canadian dollar relative to the Greenback and low oil and gas prices are giving early signs of working in Ontario's favour
- The deficit for the 2015-16 year is projected to come in at \$5.7B, \$1.8B lower than forecast in the government's fall 2015 economic statement
- Real GDP growth for the year is expected to be 2.5%
- \$930M was captured from the underground economy
- This is the ninth consecutive deficit budget tabled by Liberal governments
- Ontario's accumulated net debt is approximately \$300B and the province remains the most indebted sub-sovereign jurisdiction in the world; however with today's low interest rates, the debt/GDP ratio is at a manageable level of just under 40% and expected to track downwards
- More than \$11B is spent annually on debt interest

2016-17 and Beyond

- For 2016-17 GDP growth is forecast to be 2.2% and the deficit budgeted at \$4.3B
- For 2017-18 GDP growth is forecast to be 2.4% and the deficit reduced to 0
- For 2018-19 GDP growth is forecast to be 2.2% and a zero deficit
- Employment growth is expected to be slightly more than 1% annually over the period

The Budget- Features of Interest to the Construction Industry

- An increased commitment to infrastructure investment from \$130B over 10 years to \$160B over 12 years
- \$31.5B dedicated to the Moving Ontario Forward Fund for public transit, transportation and priority infrastructure, approximately \$16B for the GTHA and \$15B for beyond the GTHA
- \$11B to improve elementary and high schools over the next 10 years

- \$400M over the next five years for the Business Growth Initiative to modernize regulations, lower business costs and make more Ontario firms into global industry leaders
- \$12B for hospitals and increased base funding
- \$178M over the next three years for affordable housing
- To achieve business fairness, the government will continue its assault on the underground economy
- Employers will register for the ORPP in January 2017 but collections will not commence until a year later
- The province will raise \$1.9B in 2017 from cap and trade permit auctions with the proceeds dedicated to the Green Investment Fund
- The budget contains a long list of investment to spur economic growth including \$30M over three years to help firms expand exports, \$50M to the Perimeter Institute, \$35M for an Advance Manufacturing Consortium, \$20M to connect colleges and business enterprises, \$55M for equity investments in clean tech firms, \$15M for the auto sector, \$3M over four years to Bioindustrial Innovation Canada, \$15M to the UofT's Centre for Engineering Innovation and Entrepreneurship, \$1.4M over two years for microbrewers and funding for the horse racing industry