

2011 Ontario Budget: Chapter I: Ontario's Plan for Jobs and Growth

Section A: A Better Tomorrow

BEFORE YOU PRINT:
Please note this document is 17 pages long.

Highlights

Protecting Jobs and Growth

- Ontario has recovered 91 per cent of the jobs lost during the recession.
- Over the next several weeks, Ontario and private-sector partners will be announcing new investments of over \$1.3 billion, including nearly \$175 million from the Province, creating more than 2,100 jobs and retaining nearly 7,800 jobs.
- Ontario's Tax Plan for Jobs and Growth is making Ontario's businesses more competitive.
- Infrastructure investments of \$62 billion since 2003 have created and preserved more than 80,000 jobs on average per year, with more than 400 new schools built, construction completed or underway on more than 100 major hospital projects, and over 5,500 kilometres of highways expanded or rehabilitated.
- Public and private investments in clean, renewable energy and conservation have increased as a result of the *Green Energy and Green Economy Act, 2009*. More than 30 clean energy manufacturers have announced plans to set up or expand operations in Ontario since the act was proclaimed in 2009.
- The government is extending the current pilot Risk Management Program for grain and oilseed farmers and implementing a new Risk Management Program for the cattle, hog, sheep and veal sectors, as well as a Self-Directed Risk Management Program for the edible horticulture sector.

Protecting a Strong Education System

- Committing over \$64 million in 2011–12, growing to \$309 million in 2013–14, in additional operating grants to colleges and universities, supporting more than 60,000 additional spaces by 2015–16.
- Approximately 200 more schools will be offering full-day kindergarten in September 2011 and 900 more in September 2012, bringing the total number of schools offering the program to close to 1,700 and benefiting approximately 120,000 children in 2012.
- Full-day kindergarten will be available in all elementary schools in September 2014.

Protecting the Public Health Care Sector

- Providing approximately 90,000 more breast cancer screening exams.
- Investing in a comprehensive Mental Health and Addictions Strategy, starting with children and youth. By 2013–14, funding to support the strategy will grow to \$93 million per year.
- Building on the success of the MedsCheck program, investing \$100 million annually to enhance the pharmacy services and support to recipients of the Ontario Drug Benefit Program — primarily seniors and social assistance recipients.

Introduction

Ontario's success depends on economic growth, job creation and strong education and health care systems. The *2011 Budget* supports a strong economy and job creation, which protect strong schools and health care. A well-educated workforce and public health care also strengthen Ontario's economy and attract investment and jobs.

Opening Ontario to economic growth and jobs while protecting the progress Ontarians have made in their schools and hospitals requires a commitment to prudent fiscal management and balanced budgets. The new investments outlined in this *Budget* are affordable because the Province is setting priorities and getting better value for money across government. For more information on the government's initiatives to manage spending and reform the delivery of public services, see Section B of this chapter.

Jobs

The Plan:

Ontario's economy is turning the corner and jobs are returning.

The Province, like many other jurisdictions around the world, took action to stimulate the economy and lessen the impact of the recession on families and businesses. In 2009–10 and 2010–11, the government invested \$26 billion in infrastructure, including nearly 10,000 stimulus projects. Ontario and the federal government have announced an extension of the funding deadline to October 31, 2011 for qualifying short-term infrastructure stimulus projects to provide more time to complete projects.

Table 1. Selected Short-Term Infrastructure Stimulus Projects

Central

University of Ontario Institute of Technology — Automotive Centre of Excellence in Oshawa

Bathurst Street Resurfacing in Vaughan

East

Cumberland Branch Retrofit in Ottawa

New Community Centre in East Hawkesbury

North

Replacing the McGraw Falls Bridge in Thunder Bay

Upgrade of the Noëlville Arena in French River

Southwest

Transit Building Upgrades in London

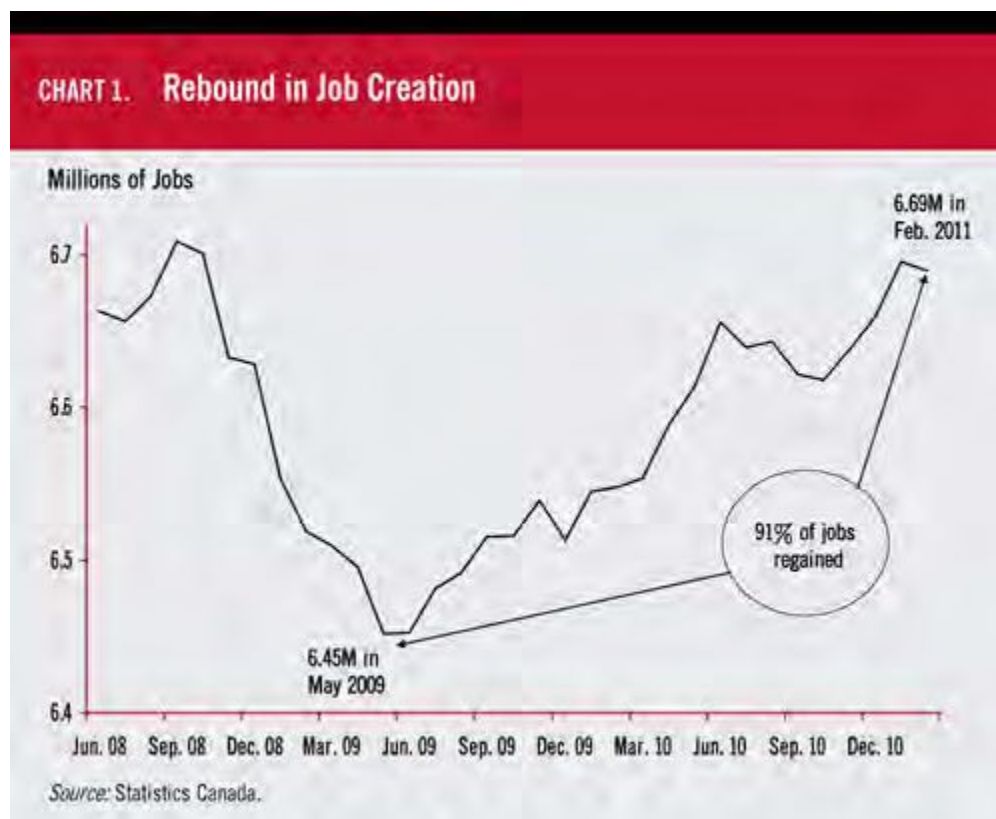
Improvements to County Roads 23 and 27 in Essex

In addition to short- and long-term infrastructure investments, other measures have included:

- new or expanded skills training and literacy initiatives;
- increased funding for summer jobs for youth;
- support for key Ontario sectors, including the auto sector;
- investments through the *Green Energy and Green Economy Act, 2009* to help create opportunities in the green economy; and
- fundamental reforms to taxation through Ontario's Tax Plan for Jobs and Growth.

The Results:

The province has recovered 91 per cent of total jobs lost between September 2008 and the recessionary low for employment in May 2009. Eighty-four per cent of full-time jobs lost over the same period have been recovered. In 2010, net employment growth was 108,000 jobs. Hours of work have increased and workers are benefiting from improved labour-market conditions.



Over the next several weeks, Ontario and private-sector partners will be announcing new investments of over \$1.3 billion, including nearly \$175 million from the Province, creating more than 2,100 jobs and retaining nearly 7,800 jobs.

Measures in Ontario's Tax Plan for Jobs and Growth are also strengthening business investment and creating jobs. Investments by the private sector in building, machinery and equipment rose to \$78.3 billion in 2010, a 7.4 per cent increase from 2009 levels.

Areas that were hit particularly hard by the recession are on the road to recovery. For example, according to the Conference Board of Canada, Windsor's projected 3.9 per cent growth in gross domestic product (GDP) for 2011 is expected to be the fastest among 27 Canadian cities.

Although the recession technically ended in the second quarter of 2009, many Ontario families are still feeling its effects. The government is continuing to take concrete actions to help make Ontario businesses more competitive so they can create good jobs for Ontarians.

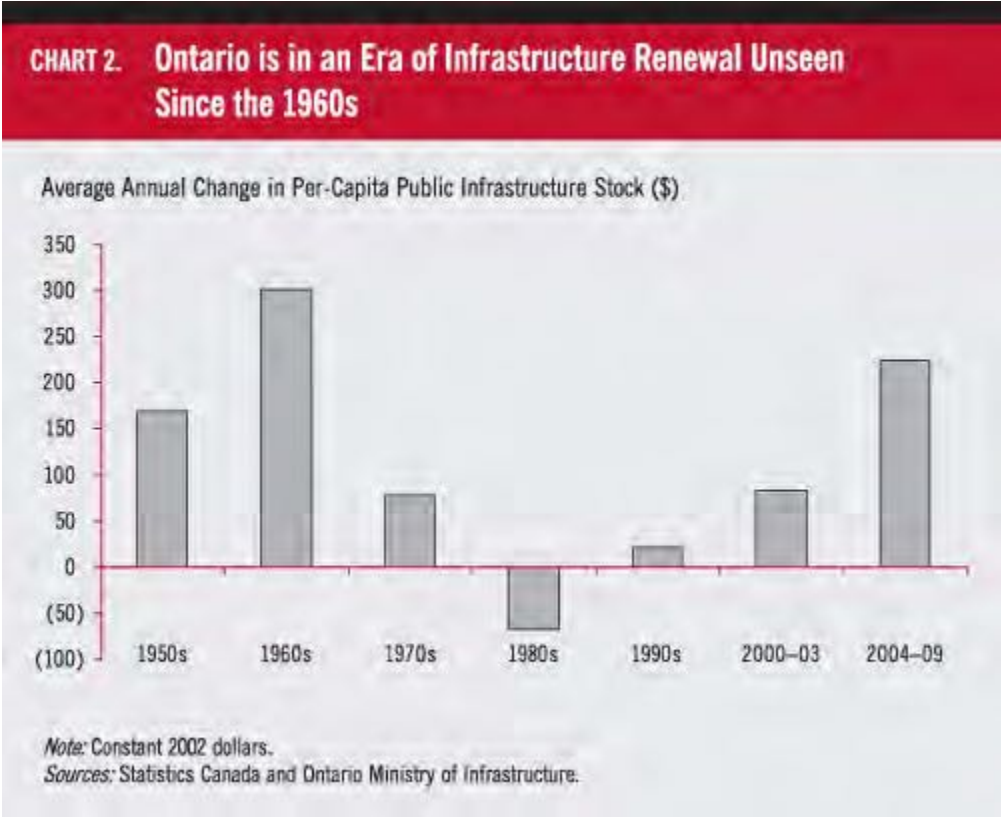
As the economies of Ontario's major trading partners, such as the United States and the European Union, continue to improve, traditionally strong manufacturing industries will gain momentum. The government is also helping to support new, innovative industries, such as clean energy and water technologies, which are creating new jobs in Ontario.

In 2010, more than 1.8 million Ontarians worked in knowledge-based industries as defined by the Organisation for Economic Co-operation and Development (OECD), representing 28 per cent of total provincial employment. By comparison, employment in knowledge-based industries was 22 per cent in the rest of Canada and 25 per cent in the United States in the same year. Examples of important knowledge-based industries in Ontario include automotive manufacturing, digital media, aerospace, financial services and computer systems design.

Infrastructure Investments

Good public infrastructure, including schools, hospitals and roads, is a key foundation of a prosperous economy. Infrastructure investments can reduce business costs, lower travel times, improve public services and enhance Ontarians' quality of life.

Before 2003, Ontario's infrastructure had been neglected for almost 30 years. Underinvestment, aging infrastructure and growth pressures led to a substantial infrastructure deficit.

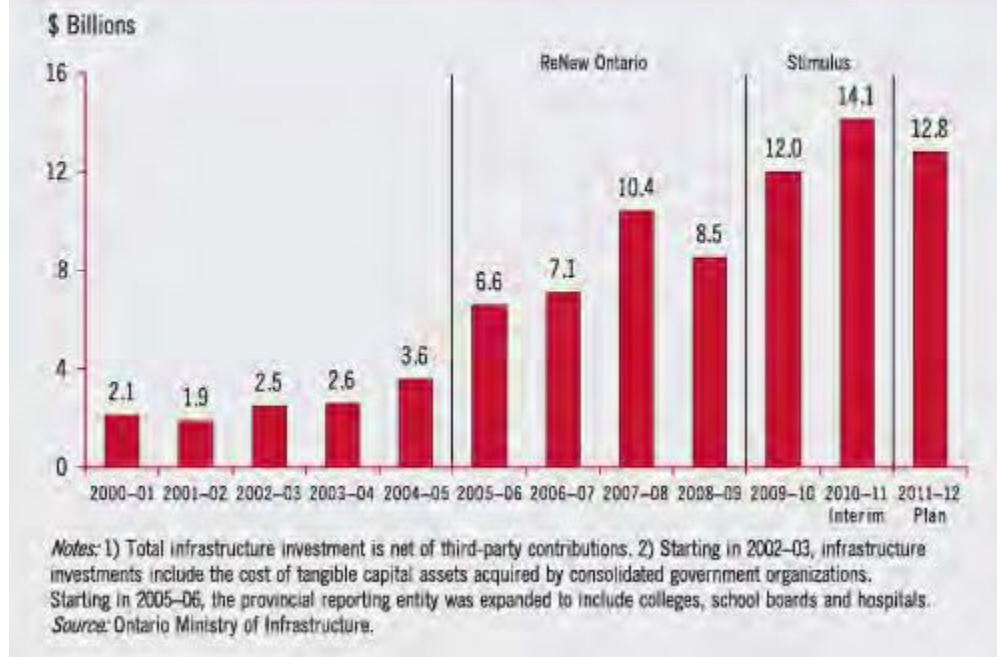


The Plan:

Public infrastructure investments create jobs and provide significant economic competitiveness benefits over the longer term. By the end of 2010-11, Ontario will have invested \$62 billion in infrastructure since 2003. As part of the government's two-year economic stimulus initiative, the Province invested \$26 billion in 2009-10 and 2010-11. These investments have been timely and targeted, and have stimulated the province's economy when it needed it the most.

Building on these substantial investments, over the next three years the Province plans to invest more than \$35 billion, including \$12.8 billion in 2011-12. These investments are expected to create and preserve over 300,000 jobs.

CHART 3. Strong Infrastructure Investment



The Results:

The government's infrastructure stimulus investments are helping to stimulate economic growth over the short and long terms. Completed projects have improved facilities across the province, from roads and bridges to arenas and libraries. Ontario and the federal government have announced an extension of the funding deadline to October 31, 2011 for qualifying short-term stimulus projects.

For more information on Ontario's infrastructure investments, visit www.ontario.ca/infrastructure.

The Economic Impact of Public Infrastructure in Ontario

The Conference Board of Canada, March 2010

The Conference Board of Canada produced a report that assessed the economic impact of public infrastructure investment in Ontario.¹

- Public infrastructure investment supported over 180,000 direct, indirect and induced full-year jobs in 2009, rising to nearly 225,000 jobs in 2010. (Induced jobs are generated by the spending from those directly and indirectly employed.)
- The extra boost to infrastructure spending, partly due to new stimulus measures to counter the global recession, helped lift Ontario real gross domestic product growth by 0.9 percentage points in 2009 and a further 0.4 percentage points in 2010.
- Additional spinoff benefits from investments in infrastructure that the Conference Board identified include improved health, improved educational attainment and reduced transit times.
- Investment in public infrastructure in Ontario supports business-sector productivity growth. Since 2000, programs such as Move Ontario and ReNew Ontario have lifted the contribution of public capital investment to productivity growth to 0.23 percentage points annually, up from 0.16 percentage points in the previous two decades.

¹ Pedro Antunes, Kip Beckman and Jacqueline Johnson, "The Economic Impact of Public Infrastructure in Ontario," The Conference Board of Canada, March 2010.

The Province has made large infrastructure investments in key sectors, including education, health, transportation and justice. To protect the progress Ontario has made, it is more important than ever to ensure all government programs and services are being delivered as efficiently and effectively as possible.

- **Improving Ontario's Schools:** Since September 2003, more than 400 new schools have been built, creating 230,000 new spaces for elementary and secondary students. This includes the Dr. David Suzuki Public School, which uses innovative and energy-efficient technologies. Construction is currently planned or in progress for over 120 new schools. In addition, more than 18,000 school renewal projects have been completed, or are underway, through the Good Places to Learn initiative.

Ontario is also investing in full-day kindergarten for four- and five-year-olds as part of the Province's plan to build a well-educated

workforce. To date, the Province has announced \$420 million to help schools make room for full-day kindergarten. In September 2012, full-day kindergarten will be offered in close to 1,700 Ontario schools.

- **Modernizing Postsecondary Facilities:** Through the Knowledge Infrastructure Program, the federal and Ontario governments are investing \$1.5 billion towards 49 college and university stimulus projects. The projects include redevelopment of the Sault College campus, a new instructional centre and lab complex at the University of Toronto's Mississauga campus, a new facility to house the School of Medicine at Queen's University, and a new fire and emergency response training centre at Lambton College. These and other provincial stimulus investments will help create over 36,000 new postsecondary spaces.
- **Strengthening Health Care:** Construction is complete or in progress for more than 100 major hospital projects, including 18 new hospitals. Completed projects include the North Bay Regional Health Centre, London Health Sciences Centre (Phase 1), Ottawa Regional Cancer Centre, Sunnybrook Health Sciences Centre, Peterborough Regional Health Centre and Sault Area Hospital. Health capital investments have also included funding to expand community services, improve cancer radiation equipment and add almost 9,000 new long-term care beds.
- **Improving and Expanding Transit Service:** Since 2003, the government has provided \$10.8 billion to support public transit, compared to a total of \$2.6 billion over the previous seven years. This increase has supported growth in GO Transit ridership of approximately 25 per cent since 2003, and 100 million more municipal transit trips, representing about 83 million car trips not taken on Ontario roads.
- **Improving Ontario's Highways:** Ontario's highway investments have expanded or rehabilitated over 5,500 kilometres of highways across the province since 2003, a distance roughly equivalent to driving from Ottawa to Whitehorse.
- **Better Justice Facilities:** Since 2003, the government has completed the following significant justice projects: the Durham Consolidated Courthouse (Oshawa), Roy McMurtry Youth Centre (Brampton) and a major renovation of the Renfrew County Consolidated Courthouse (Pembroke). In addition, five more large community safety and courthouse projects are in progress.
- **Supporting Municipalities:** Since 2003, the Province has provided municipalities with over \$12 billion in infrastructure funding. These investments have helped municipalities to modernize and expand their transit systems, repair and upgrade roads and bridges, and revitalize community infrastructure. The Province:
 - is providing approximately \$1.7 billion through infrastructure stimulus programs for roads and bridges, water and wastewater, and other infrastructure;
 - has invested approximately \$1.1 billion to help municipalities across Ontario improve their water, wastewater and stormwater infrastructure; and
 - has committed more than \$1.6 billion in provincial gas tax funding to municipalities since 2004. Under Ontario's Gas Tax Program, two cents per litre of provincial gas tax revenues are shared with municipalities to expand and improve their public transit systems.

Building Ontario's Clean Energy Future

The *Green Energy and Green Economy Act, 2009* (GEA) is part of Ontario's plan to become a leader in clean and sustainable technologies. The GEA is helping to boost both public and private investments in clean, renewable energy and conservation, securing long-term economic development and job creation in Ontario.

More than 30 clean energy manufacturers have announced plans to set up or expand operations in Ontario since the GEA was proclaimed in September 2009, creating new jobs in Ontario over the next two years. These plants will manufacture parts for the solar and wind industries, and be located in cities such as Toronto, Windsor, Burlington and Peterborough (see Chart 4).

CHART 4. Clean Energy Manufacturing Facilities



The Plan:

Long-Term Energy Plan

The government's 20-year Long-Term Energy Plan will help guide the Province as it continues to build a clean, modern and reliable electricity system. Ontario is one of the few jurisdictions in North America with a 20-year energy plan.

The Long-Term Energy Plan includes:

- shutting down all coal-fired generation by 2014. The government has already shut down eight coal units and is fast-tracking the closure of two more coal units in 2011;
- building the largest expansion in hydroelectric power in almost 40 years;
- generating 13 per cent of Ontario's energy needs from renewable forms of energy such as wind, solar and biogas by 2030 — currently about three per cent of Ontario's energy needs come from these sources. Along with hydroelectric power, approximately 33 per cent of Ontario's energy needs will come from clean, renewable sources by 2030, up from approximately 22 per cent in 2010.
- securing clean and reliable nuclear power to provide half of Ontario's power supply;
- targeting 7,100 megawatts (MW) of conservation by 2030; and
- moving forward with several priority transmission projects to enable new generation and ensure reliability.

The Long-Term Energy Plan is available online at www.ontario.ca/energy.

Through the *2010 Ontario Economic Outlook and Fiscal Review*, the government introduced the Ontario Clean Energy Benefit (OCEB) to provide direct relief to Ontarians who are feeling the effects of rising costs and electricity prices. For residential, farm and small business consumers, the OCEB provides a benefit equal to 10 per cent of the total cost of electricity on their bills including tax. The OCEB came into effect on January 1, 2011.

The 10 per cent OCEB helps Ontario families through the transition to a cleaner electricity system. The OCEB will help residential, farm and small business consumers over the next five years as the grid is modernized and coal generation is eliminated. The Long-Term Energy Plan showed that, over the next 20 years, electricity prices are expected to increase by an average of about 3.5 per cent per year. In comparison, over the past 20 years, prices increased by an average of about 3.6 per cent per year.

Aboriginal Participation in the Clean Energy Sector

The Ontario government is committed to encouraging opportunity for Aboriginal participation in the energy sector. The \$250 million Aboriginal Loan Guarantee Program announced in the *2009 Budget* has so far received six applications for loan guarantee requests totalling close to \$150 million. Conditional offers for loan guarantees have been issued for Moose Cree First Nation's investment in the Lower Mattagami Project and M'Chigeeng First Nation's investment in the Mother Earth Renewable Energy Project.

The Lower Mattagami Project is Ontario's largest northern hydroelectric-generating construction project in 40 years and will increase Ontario's supply of clean, renewable power by about 440 MW.

The Mother Earth Renewable Energy Project is a four-megawatt M'Chigeeng First Nation community-owned wind farm on M'Chigeeng First Nation's land on Manitoulin Island. The project will generate an additional source of revenue for M'Chigeeng First Nation for 20 years and is expected to create jobs and opportunities for the community during the project's construction and operation.

Water Strategy

The Plan:

In 2010, the government set a goal to make the province a North American leader in the development and sale of new technologies and services for water conservation and treatment.

The *Water Opportunities and Water Conservation Act, 2010* was passed in November 2010. It will encourage the creation and export of innovative clean water technologies, promote water conservation and attract economic opportunities in the province. The act enables the creation of the Water Technology Acceleration Project (WaterTAP), a technology hub bringing together industry, academia and government to develop the sector and promote it abroad. The act enables the government to set water-efficiency standards, encourage water efficiency across public agencies, and require water conservation plans for institutions in the broader public sector.

Several programs supporting the initiatives under the act are underway or in development. For example, the third phase of the Ontario Small Waterworks Assistance Program, launched in 2010, will provide up to \$50 million in capital assistance to help small municipalities improve water conservation and water and wastewater system efficiency. This was originally intended to be a \$20 million program, but was expanded in August 2010 to provide more help to small communities. Funding announcements for the first intake will be made in the spring of 2011.

In addition, funding of \$30 million over three years will be provided for community demonstration programs and municipal water sustainability planning, and to support education and public awareness of water conservation.

The water strategy also encourages innovation and commercialization in the water sector. For example:

- the Innovation Demonstration Fund Water Round, which focuses on the commercialization and demonstration of water technologies and assists water technology companies with the potential to be globally competitive in demonstrating their innovative technologies in Ontario; and
- the Ontario Research Fund-Research Excellence program, which includes a focus on the development of water-related solutions, and recently concluded a competition for research projects in water and wastewater technologies.

The Province will host the first Ontario Global Water Leadership Summit in May 2011, which will provide an opportunity to demonstrate Ontario's leadership in advancing innovative solutions for global water challenges.

Financial Services Regulatory Reforms

The Plan:

The government has continued to modernize Ontario's financial regulation to protect investors by strengthening requirements and adopting effective global practices to bolster the soundness and stability of financial markets.

Ontario, the federal government and other interested provinces and territories continue to work together to establish a Canadian securities regulator.

- Ontario has intervened in the reference of the proposed Canadian Securities Act to the Supreme Court of Canada to support Parliament's jurisdiction to enact federal securities legislation.
- The government continues to work with the Canadian Securities Transition Office towards ensuring a smooth transition to the proposed Canadian Securities Regulatory Authority. The new regulator should be centred in Toronto, Canada's financial capital.

The Results:

Securities

- The government has enacted amendments to the Ontario *Securities Act* to update and ensure the effectiveness of Ontario's securities law framework.
 - These amendments allow the Ontario Securities Commission (OSC) to develop and implement a robust framework for regulating over-the-counter derivatives. The OSC is working actively with securities and financial market regulators in Canada and internationally and the Canadian Securities Transition Office, and also consulting financial market participants, to develop the detailed rules contemplated by this legislation.
 - These amendments also give the OSC regulatory oversight of credit rating agencies and strengthen the oversight of alternative trading systems, which are securities marketplaces that perform some of the functions of an exchange.
 - On January 1, 2011, more recent amendments to OSC rules came into force that require all conventional mutual funds to produce and make available a plain language "fund facts" disclosure document that provides investment information to help mutual fund investors. The government will propose *Securities Act* changes to support the next phase of this project, which should further assist investors and help reduce the burden on business.
- The government is proposing *Securities Act* changes that would allow the OSC to conduct hearings on a more timely basis.

A Sound Investment – Improving the Financial Literacy of Ontarians

Ontario is taking an important first step in its plan to integrate financial literacy into the curriculum for Ontario's children this September, as noted in the Working Group on Financial Literacy's report, "A Sound Investment: Financial Literacy Education in Ontario Schools."

Working with the Ontario Securities Commission and the Investor Education Fund, the Province is developing new financial literacy resources for teachers to help students in Grades 4 to 12 learn basic financial skills so they can make more informed and effective decisions about how to manage money.

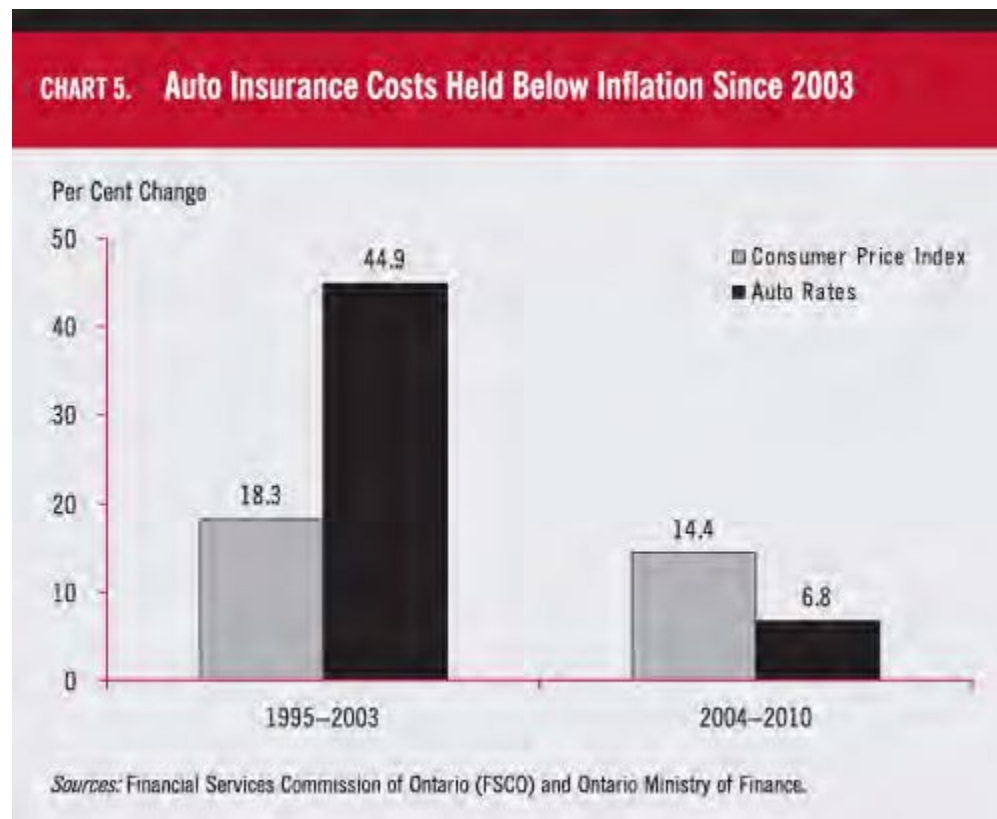
Preparing students to be financially literate is essential to student success and a stronger economy. It is part of the Province's Open Ontario plan to build a well-educated workforce and prepare Ontario for a more prosperous future.

With these initiatives, Ontario is providing regulatory leadership, promoting fair and efficient capital markets, and enhancing investor protection. The amendments would continue the process of bringing Ontario's legislation in line with Canada's international commitments and the proposed framework contained in the federal government's draft Canadian *Securities Act*. This would facilitate a seamless transition to the regulation of these vital markets at the national level.

Insurance

The government is committed to modern insurance regulation that protects consumers, promotes a competitive Ontario insurance sector, reduces the regulatory burden on business and is harmonized with other Canadian jurisdictions.

In September 2010, the government introduced auto insurance reforms under the Ontario *Insurance Act* to promote greater price stability for auto insurance consumers while also ensuring more premium dollars go towards treating accident victims. Ontario's standard medical and rehabilitation benefits remain the most generous among Canadian jurisdictions with private marketplace systems. Since 2003, premium increases have been held to well below inflation.



The reforms also directly targeted abuse and fraud in the auto insurance system, which increase costs and lead to higher premiums. The government will build on these reforms by taking further immediate steps to reduce fraud. These include:

- working with the industry to use the newly established Health Claims for Auto Insurance (HCAI) database to detect potentially fraudulent activity. Use of the HCAI database by Ontario health care facilities or providers to transmit auto insurance claim forms to insurers was made mandatory on February 1, 2011;
- introducing new rules to ensure that treatments are provided as invoiced;
- establishing an auto insurance anti-fraud taskforce to determine the scope of auto insurance fraud in Ontario and make recommendations regarding detection, investigation, enforcement and consumer education. The government is committed to fully investigating the problem of auto insurance fraud and will establish appropriate working groups of stakeholders to develop collaborative approaches and solutions; and

- requiring auto insurers to annually attest that their companies have established effective compliance controls to satisfy the rules that protect the rights of policyholders and accident victims. This would help ensure that benefits are being delivered efficiently and effectively, balancing fair treatment of accident victims with insurance coverage affordability for all nine million Ontario drivers.

In addition, an amendment to the Ontario *Insurance Act* will be proposed to help municipal transit systems control fraudulent claims. Together, these auto insurance reforms represent a significant step in renewing major parts of the Ontario *Insurance Act*.

However, renewal of other important parts of the act is long overdue. Accordingly, to further promote consumer protection and harmonization with other Canadian jurisdictions, the government will initiate a review of the remaining major parts of the Ontario *Insurance Act* — such as life insurance and accident and sickness insurance — as well as other insurance-related legislation. In addition, regulatory effectiveness will be enhanced by considering additional enforcement tools for the regulator, such as administrative monetary penalties. This will be the first review of these major parts of the legislation since 1962.

Key Ontario Sectors

Manufacturing

Manufacturing in Ontario has many competitive advantages, including a highly educated workforce, modern infrastructure, proximity to the U.S. market and public health care.

Ontario's manufacturing sector was hard hit during the recent recession, yet remains a critical part of the province's economy. The sector employs about 816,000 workers, accounting for 12 per cent of total employment.

The Plan:

The government continues to take action to improve productivity, competitiveness and job creation in Ontario's manufacturing sector.

Fundamental reforms to business taxes, including the Harmonized Sales Tax (HST), reductions to Corporate Income Tax (CIT) rates and elimination of the Capital Tax, are supporting increased business investment in Ontario. New capital investment will lead to higher productivity and new jobs.

Direct strategic investments by the government are also helping the sector transition towards areas of future growth, including higher value-added production and the use of more advanced technologies.

The Results:

The sector has begun to recover from the recession. Since May 2009, almost 45,000 manufacturing jobs have been created in Ontario.

In spite of the strong Canadian dollar, monthly exports have risen by about 23.8 per cent since the depths of the recession in 2009.

Automotive Sector

The auto sector is a key component of the Ontario economy. It includes major vehicle assemblers and more than 400 parts manufacturing plants. Ontario is the largest vehicle-assembly sub-national jurisdiction in North America. The sector supports hundreds of thousands of jobs and has one of the most productive workforces on the continent.

Ontario's auto sector is a major contributor to Canada's economy. A recent report by Scotia Economics forecasts that increasing vehicle production would add about 1.5 percentage points to Canada's annualized economic growth rate in the first quarter of 2011.

The Plan:

The government is committed to working with the auto industry to ensure the future competitiveness of the sector.

In 2009, Ontario made available emergency assistance of \$4.8 billion to General Motors (GM) and Chrysler. This assistance was in addition to funds from the Canadian and U.S. federal governments.

The Results:

Ontario vehicle production in 2010 increased by nearly 40 per cent from 2009 levels.

The government is helping the many Ontario families and communities that rely on jobs in the auto sector through stabilizing major employers. General Motors and Chrysler increased production in Ontario by over 50 per cent between 2009 and 2010. The government's investment has also helped leverage new investments in Ontario.

New GM investments in Ontario include:

- \$245 million to build six-speed, fuel-efficient transmissions starting in 2012 at its St. Catharines plant. This is in addition to the \$235 million that GM will invest in the plant to build small fuel-efficient engines. Together these investments will secure approximately 800 jobs; and
- \$96 million in its Ingersoll plant, recalling 230 workers and adding 70 new employees for a third shift.

In April 2010, GM repaid the US\$5.8 billion outstanding loan portion of its support from the U.S., Canadian and Ontario governments. Ontario's portion was \$499 million Cdn.

Chrysler has retained its production footprint in Ontario, with vehicle-assembly plants in Brampton and Windsor. It is building its new Chrysler 300 and Dodge Charger models in Brampton and is expected to continue to build minivans in Windsor when the next model redesign is introduced in 2014. On August 12, 2010, Chrysler announced a \$27 million investment in its Etobicoke parts casting plant, which will retain 280 jobs.

"The launch of the all-new 2011 Chrysler 300 and Dodge Charger demonstrates how far this company has come in 18 months. The assistance of the governments of Canada and the Province of Ontario gave us the opportunity to create a future."

Small and Medium-Sized Businesses

Ontario's small and medium-sized businesses contribute jobs, investment and innovation, and bolster entrepreneurship in the province. The government is committed to helping Ontario's small and medium-sized businesses prosper.

The Plan:

The government is implementing various measures that include tax, regulatory and skill-enhancing initiatives to encourage the growth and success of small businesses.

The Results:

- On July 1, 2010, the government implemented a federally administered Harmonized Sales Tax (HST), which provides most businesses with input tax credits for the sales tax they pay on many of their business purchases and reduces compliance costs. Starting in October 2010, the government began providing small businesses with a total of \$400 million in one-time transition support payments of up to \$1,000 to help with the transition to the HST.
- The government is providing tax relief for small businesses that will total more than \$1 billion over three years, including cutting the small business CIT rate and eliminating the small business deduction surtax.
- The Ontario Clean Energy Benefit, which took effect on January 1, 2011, is helping more than 400,000 small businesses, farms and other consumers with the transition to a cleaner, more reliable electricity system.
- In 2007, the \$540 million Business Education Tax (BET) reduction plan was introduced as a key element in the government's overall strategy to promote investment and encourage economic growth. This initiative continues to address the property tax burden of Ontario businesses and significantly reduces the wide variation in BET rates.
- Ontario is helping businesses invest in new technologies, equipment and skills training through the Eastern Ontario Development Fund.
- The government supported innovative projects that generated over \$1.1 billion in new investments by Ontario businesses through loan commitments of \$160 million by the Advanced Manufacturing Investment Strategy.

Agriculture

The agriculture sector is a mainstay of Ontario's economy and provides inputs for Ontario's important food manufacturing sector. Improving prices for many agricultural commodities are helping stabilize farmers' finances. Now, more than ever, the world needs a strong Ontario farm sector.

The Plan:

The government is implementing programs and investments to help improve competitiveness and innovation in the agriculture sector, and help support farmers through difficult times.

The Results:

Support for agriculture, including farm income stabilization programs, is helping farmers navigate through volatile prices and rising costs. Income stabilization programs totalled more than \$1.9 billion over the 2003-04 to 2009-10 fiscal years.

The government has also been helping the sector with funds for research and programs to improve the labelling and marketing of Ontario-grown food.

Since 2005, the Friends of the Greenbelt Foundation has provided grants and leveraged outside funding, resulting in over \$76 million for the farming and environmental sectors. This has meant the building of sustainable food systems; improvements to environmental farm practices; the protection of essential ecological services and resources; and the encouragement of local tourism and healthy outdoor activities for all Ontarians. The government will invest \$20 million in the Friends of the Greenbelt Foundation to enable it to leverage further investments and continue to promote agriculture, tourism and environmental integrity in Ontario's Greenbelt.

Risk Management Programs

The government recognizes that volatility in commodity markets can make it difficult for farmers to manage business risks. Risk management programs can help mitigate these difficulties by providing stable support for managing costs. In this *Budget*, the government is announcing that it will extend the current pilot Risk Management Program for grain and oilseed farmers. The government will also implement a new Risk Management Program for the cattle, hog, sheep and veal sectors, as well as a Self-Directed Risk Management Program for the edible horticulture sector. These risk management programs represent an innovative approach to supporting Ontario's farmers — one that would provide bankability, stability and predictability while responding to market trends over the long term. The cost of these programs will be shared between the Ontario government and farmers. The federal government refused to participate in the previous Risk Management Program pilot, but Ontario challenges it to pay its traditional 60 per cent share to help farmers in the province grow forward. Ontario strongly encourages the federal government to partner with the Province and farmers in these important programs.

Financial Services

Financial services directly account for about nine per cent of Ontario's gross domestic product and 360,000 jobs.

Ontario's successful and growing financial services sector has been recognized by the World Economic Forum as the home of the soundest banks in the world for the third consecutive year. Financial services, which employ thousands of Ontarians, enable economic growth by supporting access to capital for businesses and modern and efficient financial transactions. They also help manage savings and create wealth, allowing Ontarians to enjoy a higher quality of life.

The Plan:

The government is working with the financial services sector to stimulate future growth while also protecting the interests of consumers and investors.

The government is partnering with leaders in the financial services industry through the Financial Services Leadership Council to improve the sector's competitiveness and create thousands of high-paying jobs. This is part of the Open Ontario plan, which includes helping Toronto become one of the top 10 financial centres in the world. Toronto currently ranks twelfth based on the Global Financial Centres Index.

The Ontario and federal governments are providing \$10 million each for the Global Risk Institute in Financial Services, a non-profit entity consisting of industry leaders, regulators and members of the academic community. Announced in September 2010, the Institute will build on Toronto's status as a premier financial services centre.

The Results:

Despite the global economic crisis, employment in financial services increased by 1.4 per cent between 2008 and 2010. By contrast, U.S. financial services employment fell by 5.4 per cent over the same period.

Information and Communications Technology

The information and communications technology (ICT) sector is an important contributor to productivity growth and a source of good, high value-added jobs. Industries such as computer software and telecommunications are at the forefront of technological change and the shift to a knowledge-based economy.

The Plan:

The government continues to support the growth of Ontario's ICT sector through investments in skills, education and modern infrastructure. The Province also provides research and development (R&D) and investment support through grants, tax credits and other funding programs.

The Results:

- ICT employment in Ontario grew to 337,000 jobs in 2010, an increase of 2.9 per cent from 2009.
- The Strategic Jobs and Investment Fund (SJIF) has made additional investments in the ICT sector through companies such as Ciena, Avaya and Huawei. The SJIF is also supporting Ontario's burgeoning interactive digital media and gaming sector.

Tourism

Since 2003, Ontario has been paving the way for a stronger, more competitive and internationally recognized tourism sector.

Ontario's tourism sector, the largest in Canada, continues to attract visitors from around the world despite the recent recession and the high Canadian dollar. In addition, Ontarians are also enjoying vacations right here in Ontario. Employment in this sector grew by four per cent in 2010. In addition to Ontario's Tax Plan for Jobs and Growth, the government is taking important steps to help the tourism sector create more jobs and support the growth in international travel to Ontario.

The Plan:

The government will improve coordination in tourism marketing and development in Ontario by supporting Regional Tourism Organizations in the province's 13 new tourism regions. It will also support tourism in Ontario by providing strategic policy and planning advice to industry and other levels of government, as well as enhance festivals and events throughout Ontario's communities.

The Results:

- To help support coordination and marketing in Ontario's 13 new tourism regions, the government is providing \$40 million in ongoing annual funding, as well as transitional funding of \$25 million in 2010-11 and 2011-12. Additional transitional funding of \$18.75 million will be provided for 2012-13.
- The government is providing an additional \$6.5 million in ongoing funding, starting in 2011-12, to support Ontario's festivals and events through Celebrate Ontario, bringing total annual support to \$20 million.
- Ontario's tourism sector also benefits from Ontario's Tax Plan for Jobs and Growth, through CIT rate reductions and the introduction of the HST. Under the HST, tourism businesses can claim input tax credits for HST paid in the course of their business activities. Eliminating the Retail Sales Tax system and replacing it with the HST also reduces paperwork costs for businesses, resulting in additional savings.

Northern Economy

A strong, competitive northern economy is important to Ontario's prosperity. Many communities in northern Ontario rely heavily on resource-based industries, which have been affected by recent fluctuations in commodity markets.

The Plan:

The Province is taking action to help create jobs and better position the northern economy for growth.

The government is on track with its Open Ontario plan and other initiatives to enhance job creation and economic growth, and improve quality of life in northern Ontario. This includes the Growth Plan for Northern Ontario, released on March 4, 2011, which will guide decision-making and investment planning over the next 25 years. The Plan was developed with the participation of 1,400 northerners and aims to strengthen the economy of the North by diversifying the region's traditional resource-based industries; stimulating new investment and entrepreneurship; providing northerners with a greater range of educational opportunities; and nurturing new and emerging sectors with high growth potential.

The Results:

Funding for the Northern Ontario Heritage Fund Corporation has increased by \$10 million per year from \$60 million in 2007–08 to \$90 million in 2010–11. In this *Budget*, the government is continuing its commitment to northern Ontario by expanding the Northern Ontario Heritage Fund to \$100 million in 2011–12 to support vital community infrastructure and economic development projects that create jobs and enhance the quality of life in the North.

The implementation of initiatives announced in the *2010 Budget* is also helping to enhance job creation, economic growth and quality of life in northern Ontario. These include:

- the Northern Industrial Electricity Rate Program, which provides electricity price rebates of two cents per kilowatt-hour to qualifying large northern industrials that commit to energy conservation and efficiency. The Industrial Conservation Initiative, which took effect on January 1, 2011, also helps industrials and manufacturers conserve energy, save on electricity costs and increase their competitiveness;
- the Northern Ontario Energy Credit, which provides relief for the higher energy costs that northern residents face. About 250,000 families and single people, or over half of northerners, are eligible to claim the credit; and
- new skills training programs being established through the Northern Training Partnership Fund, a three-year, \$45 million program to help Aboriginal Peoples and northern Ontarians participate in and benefit from emerging economic development opportunities in the North.

The *Far North Act, 2010* was proclaimed on January 31, 2011. The act sets out a process for community-based land use planning that enables economic development while supporting the protection of at least half of the Far North.

Building a Better Tomorrow for Northern Ontario

Reaction to the Growth Plan for Northern Ontario

"I am very excited by what I have read in the Growth Plan for Northern Ontario. The Plan seems to reflect what northerners have been saying we need."

Sylvia Barnard, President, Cambrian College.

"The Growth Plan provides direction and support that will assist in strengthening our communities to ensure that our citizens have opportunities for prosperity and quality of life for years to come."

Ron Nelson, Mayor of O'Connor Township and President of Northwestern Ontario Municipal Association.

"By focusing on health sciences as a priority sector, the Growth Plan for Northern Ontario will not only improve patient care for northerners, but nurture new careers, medical breakthroughs and innovation."

Michael Power, Vice President, Thunder Bay Regional Health Sciences Centre.

"State of the art information and communication technology will be crucial to the success of a region as vast as the North. The Growth Plan for Northern Ontario recognizes the paramount importance of investing in this 21st century infrastructure. ICT support combined with infrastructure support in satellite campuses will dramatically increase access to postsecondary education in remote communities."

Dr. Ron Common, President, Sault College.

Forestry

Ontario's forests make up two-thirds of the province's total area. The forestry sector continues to adapt to changing market conditions and is positioning itself for future growth.

The Plan:

Government investment and reforms to the tenure and pricing system for Crown forest resources are helping the sector become more efficient and develop innovative new uses for wood fibre, such as bio-energy and bio-chemicals.

The Results:

Since 2005, including past and present programs, the government will have provided approximately \$1 billion to support this important economic sector, leverage new capital and energy-efficiency investments, and help firms transition to the new bio-product and bio-energy economy.

Following extensive public consultation, the government is proposing to reform Ontario's system of tenure and pricing for Crown forest resources. This plan would allow for efficient and sustainable management of Crown forests, while increasing the system's responsiveness to market forces. Developed collaboratively with industry, and with input from environmental groups, this plan would increase the availability of and access to Crown timber for new businesses and innovative products, and facilitate greater local and Aboriginal participation in the sector.

Mining and Opportunities in Ontario's Ring of Fire

Mining, a traditionally strong part of the Ontario economy, is benefiting from growing world demand for commodities and from tax relief provided through Ontario's Tax Plan for Jobs and Growth.

The Plan:

The government is supporting the development of new mineral deposits in the North and Far North, including helping to advance promising mining opportunities in the Ring of Fire, an area of the Far North with potentially large deposits of minerals such as chromite, nickel, copper and platinum.

"The natural resources sector — and the industries that support it — provide the strongest potential for Northern Canada's future economic development."

"Northern Ontario holds the promising 'Ring of Fire' deposit; this deposit has chromite diamonds, in addition to base metals and precious metals. A single hole drilled in 2007 set off a staking rush to the area."

The Conference Board of Canada, "Mapping the Economic Potential of Canada's North," December 2010.

The Results:

A Ring of Fire Coordinator was appointed in September 2010 to work with stakeholders to help facilitate sustainable development of this economic development opportunity.

The government is consulting with stakeholders in developing regulations under the *Mining Amendment Act, 2009* to help promote balanced development to benefit all Ontarians. Starting in 2009, the government is providing \$40 million for initiatives to support *Mining Act* modernization.

Ontario has also supported the development of a diamond mining industry with the opening of the province's first-ever diamond mine located near Attawapiskat in Ontario's Far North.

Mining employment increased by about 5,200 jobs, or 20 per cent, between 2009 and 2010. The Ontario mining sector plans to invest a record \$3.4 billion in 2011.

Exploration expenditures are forecast to reach \$939 million in 2011, a new record for Ontario. There are more than 600 properties being explored by over 300 companies across the province.

Building Knowledge and Skills

Ontario has long recognized the importance of a well-educated workforce that can compete in the global economy and attract international investment. Ontarians with higher levels of knowledge and skills have better employment prospects, earn higher wages, are engaged citizens, contribute more in taxes and are less dependent on government supports during their working lives. That is why education, ranging from full-day kindergarten to postsecondary, remains a top priority for the Ontario government.

Postsecondary Education and Training

The Plan:

The *2011 Budget* is announcing over \$64 million in 2011–12, growing to \$309 million in 2013–14, in additional operating grants to colleges and universities. This will support over 60,000 additional students by 2015–16. With this funding, the government's strong record of fully funding postsecondary enrolment growth will continue.

This *Budget* also announces continued funding for two important programs that support training opportunities and provide work experience to help Ontarians improve their knowledge and skills:

- an additional \$44 million over three years for literacy and basic skills programs to ensure that services are available for those who need them most; and
- an additional \$22.5 million in 2011–12 — bringing total funding to nearly \$100 million — for the Summer Jobs Strategy, including targeted resources for youth in high-needs neighbourhoods, to help over 100,000 students access jobs and services this summer.

As well, the *Budget* will provide an additional \$50 million over 10 years to the Perimeter Institute, which has quickly helped establish Ontario as a leading global centre of theoretical physics, attracting Professor Stephen Hawking as a Distinguished Research Chair.

The government will also engage with colleges and universities to create new multi-year accountability agreements that ensure sustainable growth, while articulating plans to improve quality and student achievement in the postsecondary sector.

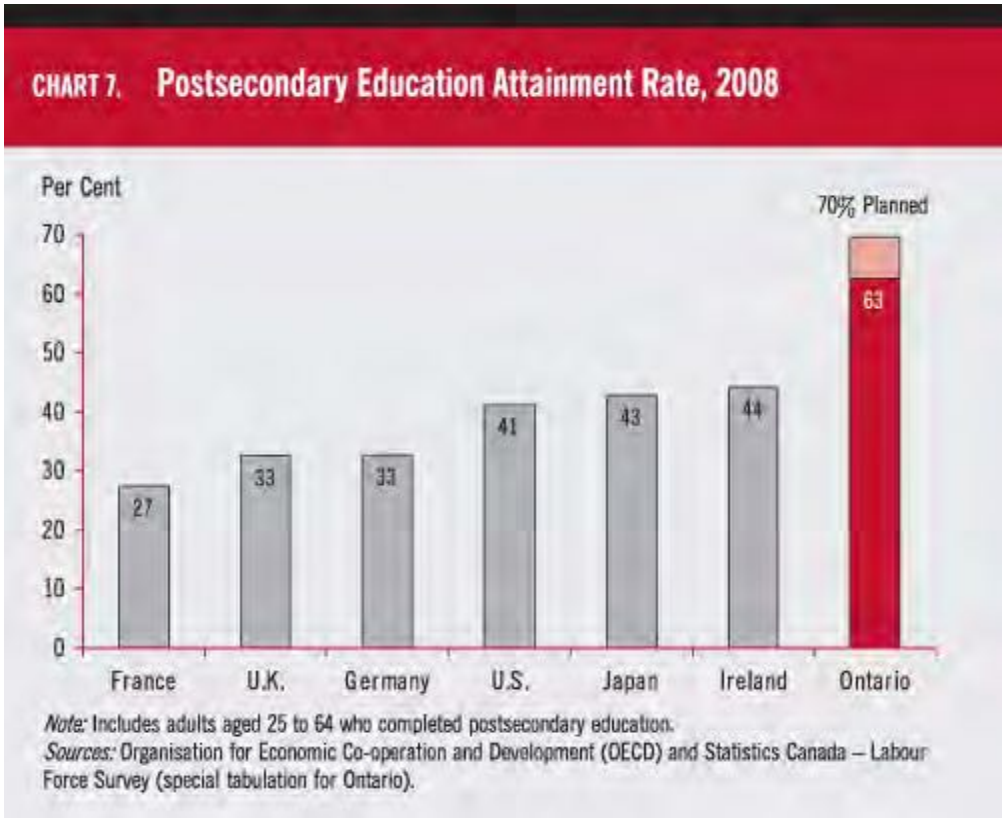
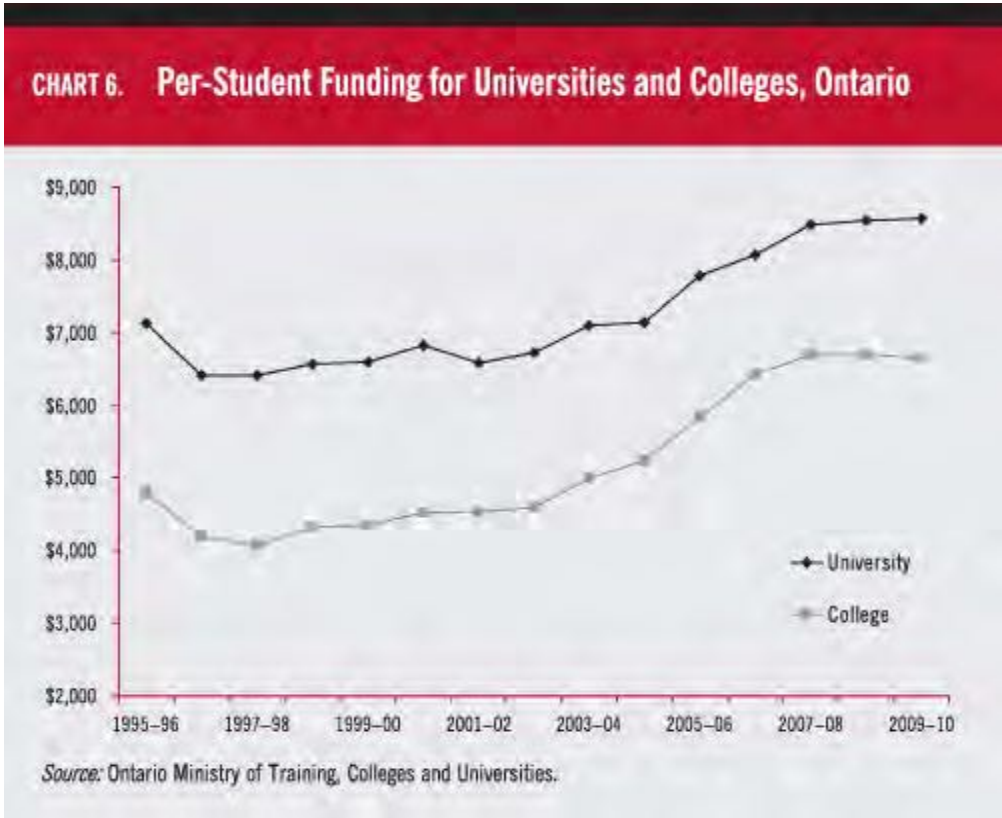
Through the Open Ontario plan, the government will:

- raise Ontario's postsecondary attainment rate to 70 per cent;
- ensure a college or university space is available for every qualified student;
- increase quality and modernize the delivery of postsecondary education;
- further improve transition rates from high school to postsecondary education;
- improve access to postsecondary education through a new credit transfer system;
- create the Ontario Online Institute, bringing the best professors from Ontario's postsecondary institutions into the homes of those who want to pursue higher learning; and
- increase international enrolment by 50 per cent while maintaining spaces for Ontario students.

The Results:

- In 2010, 64 per cent of adults in Ontario had a postsecondary credential, up from 56 per cent in 2002 and higher than in any OECD country.
- About 200,000 additional students, including 60,000 more apprentices, are learning than in 2002–03.

- Joint federal and provincial stimulus funding of \$1.5 billion for 49 projects through the Knowledge Infrastructure Program (KIP). Stimulus investments in Ontario will help create over 36,000 new postsecondary spaces.
- Starting this September, students will find it easier to transfer credits from previous learning.
- International enrolment increased by 19 per cent in 2010–11 to 45,000 students. Each international student contributes an estimated \$27,000 per year to Ontario's economy and adds diversity to Ontario campuses.



A Smarter Ontario: Excellence in Education

The Plan:

In the *2011 Budget*, the government continues to support three core educational priorities — attaining higher levels of student achievement, closing gaps in student achievement and increasing confidence in publicly funded education. This support builds on the substantial educational success since 2003.

Research evidence on the economic benefits of public spending on quality early childhood education programs reinforces the importance of investments in education, as noted in the report “With Our Best Future in Mind,” by the special advisor on early learning, Dr. Charles Pascal.

The places with the strongest schools and the best learners today will have the most competitive economies tomorrow.

Ontario’s school system was cited as a leader by management consulting firm McKinsey & Company, in its report entitled “How the World’s Most Improved School Systems Keep Getting Better.”¹ The report looked at 20 school systems from around the globe and identified Ontario as being “among the world’s highest performing school systems,” demonstrating sustained improvement.

Education-sector spending is projected to rise to \$23.2 billion in 2011–12, a \$1.0 billion or 4.6 per cent increase over the previous year. By the 2011–12 school year, annual investment in schools will have increased by over \$6.6 billion since 2002–03. Per-pupil Grants for Student Needs funding to school boards will have risen by \$4,006 since 2002–03, an increase of 56 per cent.

Full-Day Kindergarten

Full-day kindergarten is a key step in the government’s plan to help Ontario’s children get the best possible start. A full day of learning early in life makes the transition to Grade 1 easier for both parents and children. As well, students who achieve early success in school are more likely to perform well later in school and go on to postsecondary education.

An economic impact study by the Centre for Spatial Economics found that Ontario will have both short- and long-term economic benefits, including job creation, as full-day kindergarten becomes available in Ontario schools.

In October 2009, Premier McGuinty announced that Ontario would move forward with full-day kindergarten for four- and five-year-olds as part of the Province’s plan to build a well-educated workforce. The government is investing \$200 million in 2010–11 and \$300 million in 2011–12 in full-day kindergarten.

Results:

This school year, full-day kindergarten is available in nearly 600 schools for up to 35,000 kindergarten students in Ontario. Where there is sufficient demand, there will also be onsite before- and after-school programs. In September 2011, 200 more schools will be added and in September 2012, about 900 more schools will be offering full-day kindergarten, bringing the total number of schools offering the program to close to 1,700 and benefiting about 120,000 children. Full-day kindergarten will be available in all elementary schools in September 2014. At full implementation, the program will benefit about 247,000 children.

Child care programs will be affected as four- and five-year-olds move into full-day kindergarten. That is why the government is providing funding to help stabilize child care centres. The funding is being phased in along with full-day kindergarten, growing to \$51 million annually at full implementation. As well, \$12 million is being provided over five years to help non-profit child care centres make retrofits and renovations to serve younger children. The government continues to work closely with municipalities to maintain stable child care services for families.

In 2010–11, Ontario stepped in with an investment of \$63.5 million a year to permanently fill the gap left by the federal government when it terminated federal funding under the Early Learning and Child Care Agreement. Ontario’s investment is preserving approximately 8,500 child care spaces and 1,000 child care jobs.

The government is proposing amendments to the *Education Act* that would give school boards the option of making arrangements with qualified third-party providers to offer before- and after-school programs on school sites as part of the full-day kindergarten program.

In addition, amendments would be proposed with respect to:

- regulation-making authority relating to extended-day program fees and school board trustee codes of conduct;
- delegation by principals under Part XIII of the Act; and
- the persons who must report to principals about student activities that may lead to suspension or expulsion.

See Section C of this chapter for more information on education and training.

Health

Protecting the Public Health Care Sector

The McGuinty government has rebuilt a strong, universal health care system that delivers quality, evidence-based care and puts patients first. More Ontarians have access to doctors and nurses and Ontario has the shortest wait times in Canada.

Rising health care costs present a challenge to managing growth in health care spending without crowding out other priority investments. That is why the government is committed to ensuring every health care dollar is used to provide care of the highest quality and value while protecting the progress achieved.

In this *Budget*, the government is making the following key investments in the health sector:

- investing an additional \$15 million over the next three years to provide about 90,000 more breast cancer screening exams. This would expand the Ontario Breast Screening Program to reach women between the ages of 30 and 49 who are at high risk for breast cancer due to genetic factors, medical or family history, and support additional exams for women aged 50 to 69 who are currently covered under the program;

- increasing government funding to the community services sector, including long-term care homes, by approximately three per cent annually. This investment will improve community-based support and help manage acute care costs by freeing up hospital beds and unclogging emergency rooms;
- investing in a comprehensive Mental Health and Addictions Strategy, starting with children and youth. By 2013–14, funding to support the strategy will grow to \$93 million per year;
- investing \$100 million annually to enhance the pharmacy services and support available to Ontarians who receive drug coverage through the Ontario Drug Benefit Program, primarily seniors and social assistance recipients. This investment begins in April 2011 and builds on the successful MedsCheck program. The government will fund and support pharmacies offering a range of services including:
 - prescription followup consultations;
 - medication assessment for patients with chronic diseases;
 - training on how to operate home diagnostic devices such as glucose monitors and blood pressure monitoring kits; and
- increasing hospitals' overall base funding by 1.5 per cent to meet their service requirements.

Going forward, the government has a plan to continue to manage cost pressures while delivering on its commitments. See Section C of this chapter for more information on managing health care costs.

Hospital Working Capital

The government made a commitment in the *2010 Budget* to strike a working committee to examine the hospital working capital issue and apply appropriate remedies for hospitals struggling the most with inherited debt.

The Ministry of Health and Long-Term Care and Ministry of Finance have worked with sector partners and will put in place \$600 million to \$800 million in additional cash flow over the next three years to assist with working capital problems at the most seriously impacted hospitals. This funding, along with specific undertakings by those hospitals receiving funding, will provide the required financial stability in a manner that will not increase the government's total deficit. Strengthened accountability frameworks will also be introduced for all hospitals to help ensure that they keep on the right track. Addressing the working capital issue will help protect the improvements in hospital service delivery achieved by the government since 2003. It will also allow hospitals to focus on supporting quality front-line care instead of managing their inherited debt.

Helping Ontario Families

The government is taking important steps to improve the quality of life for all Ontarians, particularly the most vulnerable. Between 2010–11 and 2013–14, provincial investments in the children's and social services sector will grow by an annual average of 3.2 per cent.

- The Province is working with the federal government on a new affordable housing initiative that would extend federal and provincial funding. The program will help build and renovate affordable housing, improve housing affordability, and foster safe, independent living for low-income families.
- The government is taking steps to transform the social assistance, developmental services and child welfare systems in a way that improves outcomes and enhances accountability and financial sustainability.
- The government is proposing to increase the basic adult allowance and maximum shelter allowance by another one per cent for people on the Ontario Disability Support Program and Ontario Works in the fall of this year. This initiative would also benefit families receiving Temporary Care Assistance and Assistance for Children with Severe Disabilities, as well as people living in long-term care homes who receive the Comfort Allowance. This initiative would provide about \$58 million annually in additional benefits to families and individuals receiving social assistance.
- The government is also proposing to provide \$66 million over three years, starting in 2011–12, to continue helping children and youth with complex special needs and their families by making services more accessible, better coordinated and more responsive. This support will be complemented by the implementation of a comprehensive Mental Health and Addictions Strategy.

Helping Ontario Families:

- This past September, **full-day kindergarten program** rolled out in nearly 600 schools across Ontario for approximately 35,000 students. By 2012, close to 1,700 schools will offer the program to about 120,000 children.
- Released the **Long-Term Affordable Housing Strategy** to transform housing delivery in Ontario.
- **Ontario Child Benefit** is now reaching over one million children under age 18, providing up to \$1,100 per child per year.
- Launched a **social assistance review** to improve employment outcomes, remove barriers, improve fairness and enhance financial sustainability over the long term.
- **Expanded protection of workers** through hiring more employment standards officers to increase employers' compliance and eliminate claims backlog.
- Increased the **minimum wage** seven times since 2003 to \$10.25 per hour as of March 31, 2010.
- Introduced **Healthy Smiles Ontario** to provide preventive and early dental treatment to 130,000 low-income children and youth 17 years of age or under.

- Introduced a new **Children's Activity Tax Credit** to help parents with the cost of enrolling their children in activities that encourage them to be healthy and active. Parents can receive up to \$50 per child per year (up to \$100 per child with a disability).

For further details on these initiatives, see Section C of this chapter.

¹ Mona Mourshed, Chinezi Chijioke and Michael Barber, "How the World's Most Improved School Systems Keep Getting Better," McKinsey & Company, 2010.