



INVESTMENT INDUSTRY ASSOCIATION OF CANADA
ASSOCIATION CANADIENNE DU COMMERCE DES VALEURS MOBILIÈRES

Summary of 2010 Ontario Budget for IIAC Members

The IIAC attended the 2010 Ontario Budget lock-up on March 25, 2010. The summary below focuses on portions of the Budget that may be of interest to IIAC members.

Plan to reduce the provincial deficit:

- The government forecasts a deficit of \$21.3 billion for 2009-10, \$19.7 billion in 2010-11. The Budget proposes to cut the deficit in half by 2014-15 (\$10.7 billion) and eliminate it entirely by 2017-18.
- The government calculates total provincial debt to be \$212.4 billion as at March 31, 2010, compared to \$176.9 billion as at March 31, 2009.
- The government will undertake a comprehensive review of capital to be completed before the end of 2010 and will launch a new 10 year capital plan in 2011 to ensure the balance between infrastructure priorities and reducing the deficit.

Economic recovery in Ontario:

- Ontario's real GDP has increased for two consecutive quarters, rising 0.5% in the third and 1.6% in the fourth quarters of 2009, but despite improvement, real GDP is 2.8% below the pre-recession level.
- The government is projecting real GDP growth of 2.7% in 2010, 3.2% in 2011 and 3.0% in 2013. Real GDP is expected to remain below its pre-recession level until the first quarter of 2011.

Commitment to previously announced tax cuts:

- Ontario's Tax Plan for Jobs and Growth (introduced in 2009 Budget) will make Ontario more tax-competitive for new business investment. Ontario's marginal effective tax rate (METR) will be cut in half by 2018 (from 32.8% in 2009 to 16.2% in 2018).

Strengthening the financial sector:

- The government will partner with the financial services industry to establish a Financial Services Leadership Council (established by the Toronto Financial Services Alliance) as it implements a plan to improve the sector's competitiveness and to make Toronto one of the top 10 financial centres in the world.
- The government will continue to actively work with the federal government and other interested provinces and territories to put in place a Canadian Securities Regulator. The Ontario government believes the new regulator should locate its principal operations in Toronto and will continue to press the federal government to this end.
- The government plans to propose reforms to the Securities Act and the Commodities Futures Act, including changes to update them, strengthen the oversight of credit rating agencies and bolster capital markets enforcement.

Strengthening the Canadian retirement income system:

- The government will continue its consultative pension reform process in 2010, building on recommendations from the Report of the Expert Commission on Pensions and feedback from stakeholders. As part of the national review of the retirement income system, the government will continue to consult on how the retirement income system can be improved. The Ontario government is still looking to the federal government to lead a national pension summit in 2010.
- The government has been working with other Canadian jurisdictions to finalize an agreement that would establish clear rules for the administration and regulation of multijurisdictional pension plans.

Please refer to the 2010 Ontario Budget for additional details:

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