



**2007 Provincial Budget Highlights
March 22, 2007**

On March 22, 2007, Finance Minister Greg Sorbara delivered the Liberal Government's fourth budget, the government's last before Ontarians head to the polls in October.

Interim figures for 2006-07 show government spending at \$88.833 billion, projected to rise to \$91.153 in 2007-08, with a budget surplus of \$310 million. For 2007-08 through to 2009-10 surpluses are projected if provincial reserves are not used.

The focus of the Budget was on addressing the needs of individuals and families living in poverty, unlike previous budgets which focused on health, education and infrastructure.

Highlights for the hospitality industry:

Minimum Wage

The Budget commits to raising the General Minimum Wage from \$8.00 to \$10.25 by 2010, with a \$0.75 increase in each of the three years. Between 2008 and 2010 the minimum wage will increase from \$8.00 \$10.25. This represents an increase of over 28%, or over 9% per year – more than double the year over year increases businesses have just endured.

THE 2007-08 BUDGET COMMENTS ONLY ON THE GENERAL MINIMUM WAGE AND DOES NOT REFER TO EITHER A STUDENT WAGE RATE OR LIQUOR SERVER WAGE RATE DIFFERENTIAL. THE ORHMA WILL CONTINUE TO DEMAND THAT THESE DIFFERENTIALS BE MAINTAINED!

	2003	2007	2008	2009	2010
General Minimum Wage	6.85	8.00	8.75	9.50	10.25

Tourism

- Ministry of Tourism funding is projected to increase from \$191 million in 2006-07 to \$195 million in 2007-08.
- Proposing to extend to June 30, 2008 the retail sales tax exemption for Destination Marketing Fees to fund tourism marketing

- Providing \$35 million in 2006-07 and 2007-08 to the City of Niagara Falls, which is planning the construction of a 230,000 square foot conference and convention facility that will help address the challenges of seasonality in the Niagara region.
- Committing an additional \$2 million annually to the St. Lawrence Parks Commission to support tourism and preserve the heritage sites at Fort Henry and Upper Canada Village.

Taxes

- The ORHMA had recommended the elimination of the Capital tax, and indeed the Budget confirms that the Capital tax will be eliminated on July 1, 2010 - 18 months earlier than planned. By 2008, capital tax will be eliminated entirely for more than 14,000 additional small and medium-sized businesses.
- Government proposes to reform and reduce Business Education Taxes. The Province proposes to implement a \$540 million cut to high BET rates over the next seven years. This will reduce the BET rates in 321 municipalities across the province and benefit more than 500,000 businesses of all sizes. Starting in 2008, the government will introduce an initial annual ceiling rate of 2.5% for commercial properties. Each year these annual ceiling rates will be reduced until they reach the target maximum BET rate of 1.6% on January 1, 2014.
- Government proposes a fairer property assessment system based on a four-year cycle. It would begin in 2009 with the next reassessment. Any increase in value resulting from a reassessment would be phased in over four years, but reassessment decreases would apply immediately.

WSIB

- Proposing increases to Workplace Safety and Insurance Board benefits for injured workers, approximately 2.5% each year for the next three years.

Infrastructure

- \$1.7 billion in 2007-08 for the renewal and expansion of the highway network, including \$468 million for Ontario's northern highway network and \$899 million for southern Ontario highway network.
- Expansion of broadband and cellular services, through the Northern Ontario Heritage Fund Corporation, to remote areas of Northern Ontario to connect most of northern Ontario within three years. Also investing \$10 million in 2007-08 to help expand broadband coverage in rural southern Ontario by leveraging community and private sector investment.

Other

- In 2006-07 LCBO remitted \$1.290 billion to the provincial government, and is expected to remit \$1.343 billion in 2007-08.
- \$300 million investment in Let's Get Windsor – Essex Moving Strategy, which provides for infrastructure improvements at the Windsor-Detroit Gateway. In

addition, over \$200 million is planned to widen Highway 401 between Tilbury and Windsor, improving traffic flow of the Windsor Gateway.

- \$10 million for a strategy to raise consumer awareness and promote consumption of food produced in Ontario
- \$2.5 million to help a number of Ontario agri-food organizations that fund marketing initiatives for Ontario farm products
- \$200,000 to the Organic Council of Ontario, which promotes industry development activities
- Appointment of a Northwestern Ontario Economic Facilitator whose mandate will be to work with local people and businesses to help inspire a new generation of growth in the northwest.

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