



retail matters

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RCC Member Alert

Ontario 2011 budget stays the course on taxation

Update: On March 29, Ontario Finance Minister, Dwight Duncan delivered the McGuinty government's eighth budget. The budget was essentially used as an election platform document summarizing the government's achievements over the last eight years.

On the plus side for retailers, the budget contains no new taxes or tax increases. However, RCC believes it represents a missed opportunity for the government to improve conditions for job creation by providing payroll tax relief in areas such as the Employer Health Tax and Workplace Safety and Insurance Board (WSIB) premiums. Retail Council of Canada (RCC) lobbied aggressively for these measures over the last several months and will continue to press government on the issue. The need for additional government support on job creation continues to be critical, particularly as recent media reports have highlighted a significant drop in consumer confidence in Ontario – bringing it to the lowest level in the country.

The budget also announced the creation of a Commission on Broader Public Sector Reform, which will examine long-term, fundamental changes to the way government works. The Commission will be chaired by Don Drummond, Chief Economist at TD Bank, and will report to the Minister of Finance in time to provide input to the development of the 2012 budget. The commission will not make recommendations that would increase taxes or lead to the privatization of health care or education.

The government re-confirmed that minimum wage will be maintained at the current \$10.25/hour level for 2011, following seven consecutive annual increases. This is a victory for retailers as the government was being pressured by anti-poverty groups to raise minimum wage to \$11 in 2011, which RCC aggressively lobbied against. Instead, the government chose to appoint a committee representing both business and workers, in the fall of 2011, to provide advice on the minimum wage in advance of the 2012 budget.

A forecast for retail sales in the province was also released as part of the budget. The government expects 2011 retail sales to increase by 4.1% and is anticipated to increase at that level annually through 2014.

While no new funding relevant to the retail sector was announced, the government is relying on the previously implemented tax reform package to deliver long-term job creation in the sector.

To review the 2011 Ontario budget click here: www.ontario.ca/taxchange

If you have any question about Ontario's 2011 budget, contact Gary Rygus, Director, Government Relations (Ontario) at 416-922-0553 ext 225 or e-mail: grygus@retailcouncil.org.