
Council of Ontario Construction Associations Comments on 2007 Budget

Government Spending Will Help and Cost the Construction Industry

Toronto, March 22, 2007 – The Council of Ontario Construction Associations (COCA) today congratulated the Ontario government for maintaining emphasis on its ReNew Ontario program and will be spending \$5.9 billion on infrastructure projects in the current fiscal year. This is a continuation of the \$30 billion, 5-year program announced in 2005 but there is also a doubling of the Rural Infrastructure Investment Initiative to \$140 million for projects in rural and northern communities.

The government has announced it will be extending the Apprenticeship Training Tax Credit to 2012. The 25% credit (30% for small businesses) is designed to assist employers to hire apprentices and its extension was one of the suggestions made by COCA during the government's pre-budget consultations.

The government is also reducing Business Education Tax rates across the province where they are greater than 1.6 per cent. New construction would be eligible for the 1.6% rate immediately. Also of interest is the announcement that the Government plans to eliminate the capital tax by July 1, 2010. The government also intends to harmonize the corporate income tax base and this move will provide a \$90 million corporate income tax cut to go with potential tax compliance savings in the order of \$100 million.

"All announcements that encourage investment and construction in Ontario are welcomed by our members," remarked David Frame, President of COCA. "We are pleased to see the continued emphasis on public infrastructure renewal."

Counterbalancing the positive announcements made by Finance Minister Sorbara, however, is the revelation that the government sees large increases to benefits to injured workers under WSIB. Although funding is the responsibility of the WSIB, the government has "announced" increases to benefits to injured workers of 2.5% each year from 2007 to 2009 for an increase of at least 7.5%. The government is also extending the period for review and adjustment of an injured worker's benefits after 72 months. The government is also proposing an amendment to the WSI Act to remove "deeming" so that loss of earnings would be based on what an injured worker would likely earn from suitable as well as available employment.

Today's announcements about WSIB give cause for concern but COCA will await the introduction of legislation and will respond at that time.

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