2019 FEDERAL BUDGET SUMMARY

**HOUSING**

In the high-cost Toronto housing market, at current prices, the new CMHC shared equity home buyer incentive will be useful only to buyers of average-or-below-average-priced new construction condos. While this assistance will be welcome for thousands of young professionals hoping to plant roots in the Toronto region, any significant increase in area condo prices is likely to rapidly reduce effectiveness of the program for Torontonians, as proposed.

The Board supports the expansion of the Rental Construction Financing Initiative.

The National Housing Strategy presents a comprehensive vision, but the government must prioritize flowing funding now, not a decade in the future.

**INFRASTRUCTURE & TRANSPORTATION**

This government has made historic and much needed investments in urban infrastructure in the Toronto region and right across the country. Last year’s focus on funding National Trade Corridors was a welcome step and the Board is encouraged to see that commitment reaffirmed in this budget. While we support this year’s modest $2.2 billion municipal top-up to infrastructure through the gas tax fund, the Board would have preferred a long-term commitment to municipalities.

**ECONOMIC DEVELOPMENT**

The Board is encouraged by the government’s continued focus on dealing with the challenges presented by the new economy. This budget’s new investments in cybersecurity are important for protecting businesses from increasing cyberthreats and developing the specialized talent required in sensitive sectors like financial services. Given World Trade Centre Toronto efforts to encourage more businesses to export, additional IP supports for business are needed to protect their products.

Additionally, for most businesses to scale up, they need to invest in R&D. Eliminating the income threshold for the Scientific Research and Experimental Development (SR&ED) Tax Incentive Program is a welcome amendment to support those efforts.

The Board supports the government’s efforts to position the tourism sector as an economic driver for businesses and communities through additional funding and opportunities for growth and tourist attraction.

**TALENT**

The Board is pleased about the federal government’s focus on developing talent, including new dedicated programs to help Canadians access training programs. As disruption becomes the norm in many economic sectors, easier programs to access retraining and upskilling programs are becoming increasingly essential. This is a positive development.

The Global Skills Strategy has successfully allowed Canadian companies to quickly hire top global talent in areas where there is a shortage of local talent. The program has helped companies scale up and hire more
local workers. The Board is pleased the government is making the program permanent and encourages it to continue expanding the eligibility criteria to include certain management and executive positions.

In order to meet the Toronto region's need for significant investments in infrastructure, increasing the availability of workers in the skilled trades must be a top priority. The Board is pleased that this Budget dedicates funding to educating young people about the opportunities in the skilled trades, reducing the stigma around these well-paying jobs. The Board encourages the government to work with provincial governments, industry and labour organizations in developing its Apprenticeship Strategy.

COMPETITIVENESS

The Budget provides a roadmap for several changes to Canadian regulatory regimes to allow Canadian businesses to run more efficiently and competitively, which the Board supports. While the Budget tells us how government will spend its dollars, the real measure of success on this file will be the resulting dollars saved by Canadian businesses.

Interprovincial trade is a multi-jurisdictional complex of issues that have been left unresolved for decades. We commend the government for recognizing the importance of this file, notably on removing barriers to the trade of beverage alcohol, an issue the Board first raised last year in its proposed ‘icebreaker deal,’ to break the logjam on interprovincial trade. The ball is now in the provinces’ court.

FISCAL MANAGEMENT

In 2015, the Liberal party ran on a platform of deficits no larger than $10 billion. Budget 2019 shows, at $19.8 billion, that the current deficit is almost double that initial pledge. At current projection it will take 5 years to get below $10 billion. While these numbers are quite large, the government's projections do show a path back to what was originally projected. The Board encourages the government to remain vigilant and meet its targets, despite the modest slow down in the economy.

OVERALL RATING

The budget contains a number of positive initiatives. However, it does not fully meet the long-term challenges that the Toronto region faces, including tax and fiscal competitiveness, and long-term funding for urgent infrastructure requirements.

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