



*Thomas d'Aquino
Chief Executive and President
Chef de la direction et président*

March 27, 2009

The Honourable Dalton McGuinty, M.P.P.
Premier
Government of Ontario
Queen's Park
Legislative Building, Room 281
TORONTO, Ontario
M7A 1A1

Dear Premier McGuinty,

The 2009 Ontario budget brought down yesterday by Finance Minister Dwight Duncan represents the right fiscal strategy for these troubled times and will have a profoundly positive impact on the province's economy for years to come.

I wrote to you recently to make the case that harmonization of the provincial retail sales tax with the federal Goods and Services Tax would be the single most important measure your government could take to encourage renewed business investment and growth across Ontario.

I therefore congratulate you for having made this the centrepiece of your budget. You have moved decisively to set a date for the changeover on July 1, 2010, to announce measures to assist businesses with the administrative costs of the transition and to address potential unfairness through specific exemptions and rebates.

I know that this will not prevent you from facing continued criticism from some quarters. It is inevitable that sweeping tax reform will lead to some people paying more tax as well as others paying less, and no one likes to pay more tax. The fact remains that this change in the tax structure is the right policy for the province, and will pay huge benefits to all Ontarians by stimulating investment, productivity, job creation and incomes.

The Honourable Dalton McGuinty, M.P.P.
March 27, 2009
Page 2

The 2009 budget reinforced your government's commitment to both competitiveness and compassion through its additional tax measures. The steady reduction of the corporate income tax rate to 10 percent by 2013 will compound the long-term economic benefit of sales tax harmonization, while the cut in the personal income tax rate for lower-income families will provide immediate relief to those hardest hit by the current downturn.

I know that your fiscal plan is not without risk. In the short term, you will be running the largest budget deficit in the province's history. Further deficits lie ahead, with the result that interest costs on the provincial debt are projected to rise by \$2 billion a year.

All Canadians know from bitter experience that erasing deficits is no easy task. In particular, we recognize that you and your government will have to be rigorous in reviewing and controlling public spending as the economy improves.

On behalf of all of the member CEOs and entrepreneurs of the *Canadian Council of Chief Executives*, let me thank you for moving so boldly and offer you our commitment to make the most of the opportunities that your 2009 budget opens up. However bleak the outlook may be today, your government is making the right moves to ease the immediate pain of recession and to pave the way for a more rapid return to strong and sustainable economic growth.

With kindest regards.

*Sincerely,
Thomas D. Aguinis*