



CREATING JOBS AND GROWING THE ECONOMY

2013

**ONTARIO ECONOMIC OUTLOOK
AND FISCAL REVIEW**



The Honourable **CHARLES SOUSA**
Minister of Finance

STATEMENT



CREATING JOBS AND GROWING THE ECONOMY

2013

**ONTARIO ECONOMIC OUTLOOK
AND FISCAL REVIEW**



The Honourable **CHARLES SOUSA**
Minister of Finance

STATEMENT

CHECK AGAINST DELIVERY

For general inquiries regarding the *2013 Ontario Economic Outlook and Fiscal Review, Statement*, please call:

Toll-free English & French inquiries: 1-800-337-7222

Teletypewriter (TTY): 1-800-263-7776

For electronic copies of this document, visit our website at www.fin.gov.on.ca

© Queen's Printer for Ontario, 2013

ISSN 1499-5557 (Print)

ISSN 1499-5565 (PDF/HTML)

Ce document est disponible en français sous le titre :

Perspectives économiques et revue financière de l'Ontario de 2013, Allocution



MIX
Paper from
responsible sources
FSC® C004071

Introduction

Mr. Speaker, I rise to present the *2013 Ontario Economic Outlook and Fiscal Review*.

It introduces a new three-part plan for jobs and growth that is built on investing in people, building modern infrastructure and supporting a dynamic and innovative business climate.

Our government does so at a time when forces outside Ontario continue to affect our economy.

Leading many Ontarians to worry about their job security and their future.

The recovery from the global recession remains uncertain.

Mr. Speaker, what is certain is our government's determination to help Ontario families and businesses succeed.

Our plan is a new direction to grow the economy.

Our plan is focused.

Our plan is responsible and fair.

Our plan will serve every region of our province.

Mr. Speaker, we will continue to make new strategic investments to spur growth, create jobs, strengthen services and help families. We are on track to balance the budget by 2017–18. However, should global economic conditions falter, causing revenue growth to fall further, our priority is clear — this government will continue to protect investments in jobs and families ahead of short-term targets.

Stronger economic growth and new jobs are the surest, fairest path to higher revenues and a balanced budget.



Managing Responsibly

Uncertainty in the global economy is leading to lower revenue growth. Ontario's revenues are more than \$5 billion lower than projected since the *2010 Budget*.

We've taken strong actions to reduce spending growth, which has allowed us to overachieve on deficit-reduction targets four years in a row — something no other government in Canada has accomplished.

Mr. Speaker, Ontario has the lowest per-capita program spending in Canada.

For the last two years, we've held program expense growth to less than one per cent while improving public services.

And last year, total government spending fell for the first time in over a decade.

As we continue to look at our spending, we will do so responsibly while ensuring we are focused on our priorities.

Reckless across-the-board cuts, as some have tried in the past and continue to call for today, would put our province's schools, hospitals and economy at risk.

Nurses were fired as hospitals were closed.

Teachers were fired and our children lost valuable class time.

Then there are those who are recycling the same ideas from half a century ago to recklessly raise taxes.

These extreme approaches would slow economic growth and weaken Ontario's ability to balance the budget.

Mr. Speaker, we will pursue a better, fairer way.



We are protecting Ontario families while taking a balanced approach to eliminate the deficit. At the same time, we are going to make investments to help businesses grow.

We will continue to act on recommendations of the Commission on the Reform of Ontario's Public Services that build on Ontario's priorities as we work to reduce the net debt-to-GDP ratio to its pre-recession level of 27 per cent.

The Need for a Committed Federal Partner

Building a prosperous and fair society means governments must work together.

Unfortunately, the federal government has been making changes to programs and funding that hurt Canadians, including those that affect our competitiveness. For example:

- ◆ In order to implement the Canada Job Grant, Ontario would have to divert \$232 million a year from job training programs that work to a one-size-fits-all, made-in-Ottawa program;
- ◆ We also need the federal government to make a consistent commitment to infrastructure projects that drive economic growth; and
- ◆ The federal government needs to commit to the Ring of Fire in the same way they commit to other regional economic priorities in other parts of the country.

Bottom line, we need a committed federal partner to help Ontario families and businesses.



Investing in People

Mr. Speaker, the Canada Pension Plan (CPP) is the foundation of the nation's retirement income system.

Though this program has served generations of Ontarians well, we must make improvements now, especially for the middle class.

So far, the federal government is resisting calls to make those enhancements.

We all pay a heavy price for that inaction.

Ontarians — and all Canadians — deserve leadership on this issue.

That's why Premier Kathleen Wynne is leading the way to find Canada-wide agreement on CPP enhancement.

But if an agreement cannot be reached, we will move forward with a "made in Ontario" solution for those Ontarians who will require more support than is currently provided by the Canada Pension Plan.

Supporting Ontario Families

Mr. Speaker, strong public services are vital to our economic success.

I was fortunate to attend Ontario public schools. I got my degrees from Ontario's publicly funded universities. I worked in Ontario's thriving financial sector. My children were born in Ontario's public hospitals. What is remarkable is how typical this is. How it is shared by so many in this legislature and across our province.

I'm so fortunate my dad chose Canada. I am grateful Ontario accepted him.

So Mr. Speaker, we're on the side of Ontarians, especially our young people.

We will continue to roll out full-day kindergarten and, next year, more than a quarter million children will benefit and get the best start in life.



Some critics call for us to cancel this program.

Mr. Speaker, for this government, that is not an option.

Our plan continues to support our children right through their postsecondary years, putting them on track for rewarding careers.

Our 30% Off Ontario Tuition grant helps more than 200,000 young people each year get the education they need for the jobs they want.

This government's Youth Jobs Strategy will help 30,000 more young people find work and start a career.

Ontario's economy is strengthened when everyone has the opportunity to achieve their full potential. Our government will continue to be fair and help people receiving social assistance be a part of the workforce by removing barriers.

We're also helping seniors by introducing a new grant so they can participate in more community activities.

Reducing Costs

Mr. Speaker, costs for many of today's necessities are rising. So we're working to reduce those costs and protect Ontario consumers.

We will continue to move forward with our auto insurance rate reduction strategy. Our actions will reduce rates for Ontario drivers by 15 per cent on average over the next two years.

And to further reduce costs for Ontario drivers, we will reduce fees to the Drive Clean program.

Cell phones are now a basic utility and we are also moving forward with measures to protect consumers and reduce costs on those contracts.



Investing in Modern Infrastructure

Mr. Speaker, we know that modern infrastructure helps drive economic growth and prosperity.

Before 2003, the government of the day chose not to adequately invest in infrastructure, to the detriment of Ontario families and businesses.

Before 2003, schools and hospitals were crumbling.

We've rebuilt them and opened more.

In fact, there are more than 100 hospital projects on the go, including in Thunder Bay, London and Cornwall.

There are also more than 610 new schools opened, planned or under construction across the province.

Before 2003, we weren't always certain the lights would go on.

We've upgraded and added more electricity transmission and supply.

That means when you flip the switch, the lights go on and they stay on.

Mr. Speaker, investing in our transit, roads, bridges, schools and hospitals improves our province's competitiveness and enhances our quality of life.

These investments help businesses get their products to market more easily. They help families get to work, go to school and get back home more quickly and safely.

Congestion costs our economy \$6 billion annually in the Greater Toronto and Hamilton Area (GTHA) alone.

Investing in transit is an economic priority. Investing in transit will make our province more competitive.

There are two new initiatives that we will use to fund these projects.

We plan to create a new fund. A fund specifically for those important infrastructure projects — the Trillium Trust.



Gains from asset sales, such as from the sale of GM shares, would help fund this Trust.

Ontario would also be the first Canadian province to sell Green Bonds.

The proceeds from these bonds would help finance transit and other environmentally friendly projects.

Mr. Speaker, now is the right time to invest \$35 billion over the next three years in important infrastructure projects throughout the province.

These investments will also help support and maintain more than 100,000 jobs annually.

Because all regions should benefit, we also have a fund to help small, rural and northern municipalities undertake critical improvements on local roads and bridges.

To grow the economy in northern Ontario, our government continues to lead in developing the Ring of Fire, working in partnership with industry and First Nations.

Building on Time and on Budget

Mr. Speaker, Ontario has set the standard for on-time, on-budget delivery of infrastructure projects through our alternative financing and procurement (AFP) model.

Our enhanced AFP model will ensure that more Ontario companies are helping to build more projects. That includes the Eglinton Crosstown, Burlington's Joseph Brant Hospital, Cambridge Memorial Hospital and the University of Ottawa Heart Institute.

As a global leader, Infrastructure Ontario will work with the province's trade offices around the world to promote the expertise of our construction companies, engineers, architects and financial services industry.



Dynamic and Innovative Business Climate

Mr. Speaker, despite uncertainties in the global economy, Ontario's fundamentals are strong.

We have created a stable and competitive business climate by cutting taxes for new investment, including low Corporate Income Taxes, and by eliminating the Capital Tax.

We also introduced legislation to cut Employer Health Tax for 60,000 small businesses.

This change would eliminate this tax for almost 90 per cent of Ontario businesses and yet there are those who are delaying passage of this bill. That is hurting our small businesses.

Mr. Speaker, our actions to reduce costs have created more opportunity for businesses to invest in Ontario.

Studies show, however, that many companies are still not taking advantage of new opportunities to innovate and improve their productivity.

We will help businesses become even more competitive by encouraging them to invest in new machinery and equipment.

Measures under consideration to promote capital investment include restructuring research and development (R&D) tax credits to encourage new spending, and new "pay or play" incentives for investments in training and new equipment.

Other parts of the world do this well and we will now measure ourselves against those benchmarks.

Mr. Speaker, our government will identify and take action on the best practices and ideas to attract more investment to Ontario.



Our government is continuing to work in partnership with business, labour, academia, communities and the not-for-profit sector to create jobs. We are also developing sector strategies for key Ontario industries.

We will take targeted measures to secure new investments from global companies that concentrate on information and communications technologies and R&D.

To encourage entrepreneurial activities, we will continue to invest in organizations like Communitech, a Waterloo-based innovation hub, to help turn more Ontario technology companies into global leaders.

The government is also helping communities through its regional economic development funds to create jobs. New investments have already been made, including in North Bay, Kingston and Windsor.

Jobs of Tomorrow

Mr. Speaker, as part of our plan to grow our economy, we are determined to create the industries of tomorrow.

Centennial College will partner with Bombardier, Canada's leading aerospace manufacturer.

Niagara College will expand its existing advanced manufacturing program.

Recently, northern Ontario opened its first new law school at Lakehead University in Thunder Bay and a school of architecture at Laurentian University in Sudbury.

Ontario has an innovative agri-food industry that supports more than 740,000 jobs across the province. To help it grow, we've recently proposed a Local Food Act that would support the good things grown, harvested and made in Ontario.

All these initiatives will help create the jobs of tomorrow, today.



Conclusion

Mr. Speaker, the province is stronger when we work as One Ontario.

We must continue to invest in our schools and in our hospitals. We will not, as some suggest, simply cut for the sake of cutting. Those actions would hurt Ontario families and take our economy backwards.

We cannot cut our way to prosperity. Nor can we tax our way to growth.

Instead we will lead.

We will work together as One Ontario — employers and employees; rural and urban; north and south.

Mr. Speaker, we will take positive, practical steps to grow the economy.

We will invest in our people, build modern infrastructure and support a dynamic and innovative business climate to create Ontario jobs.

Mr. Speaker, that is our plan for jobs and growth.

For a stronger Ontario, One Ontario.

Thank you, Mr. Speaker.

