

JOB FOR TODAY AND TOMORROW



2016 ONTARIO BUDGET



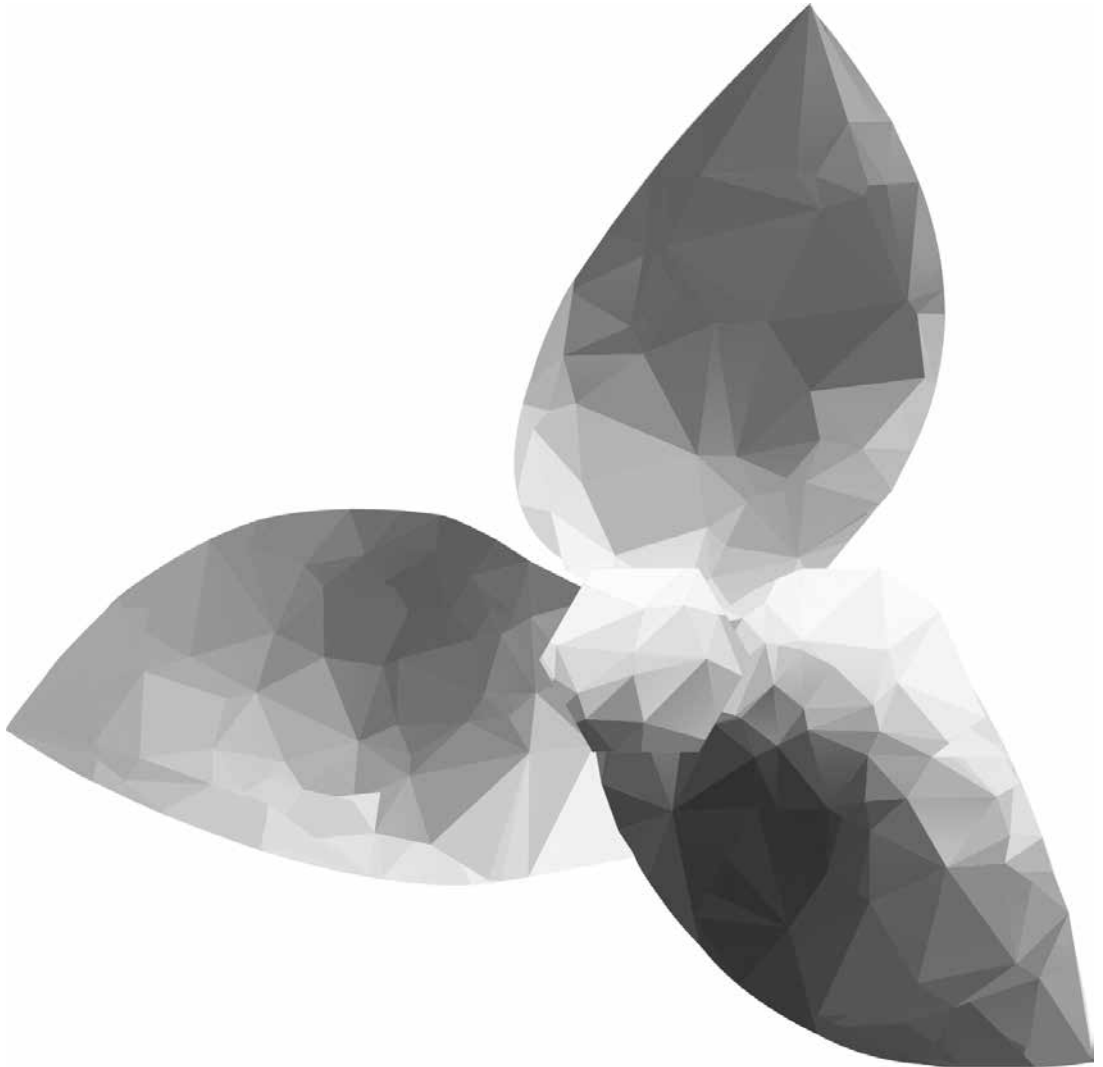
The Honourable
CHARLES SOUSA
Minister of Finance

Budget Speech

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Budget Speech

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Introduction

Mr. Speaker, I rise to present the *2016 Ontario Budget*.

Before I begin, I want to thank all the good people at the Ministry of Finance — as well as staff and colleagues in the House — for all their hard work in creating a *Budget* designed to grow our economy and create jobs.

Mr. Speaker, as anyone who has been through the *Budget* process knows, it's not glamorous.

But I know two things about our Ontario public servants:

First, they know that serving the people of Ontario is a privilege.

And second, there's nothing they would rather do.

So thank you, all of you.

Mr. Speaker ... really ... we expect nothing less in Ontario.

Because that tremendous work ethic ... that same spirit ...

Lives in homes and businesses right across our province.

Ontarians not only work hard ... we work smart.

We look at the challenges ahead of us ... and overcome them.

We size up the opportunities ... and seize them.



It's what we do.

It's why our families came here ... whether a century ago ...

Or decades ago ... like mine ...

Or weeks ago ... like refugees fleeing Syria ...

People from around the world choose to live in Ontario ...

Because they know that in Ontario ...

What was true yesterday is still true today:

There is room for everyone.

Room for everyone to compete and do business.

Room to learn.

And, above all, room to help each other.

And I believe ... no matter which side of this House we sit on ...

We can all agree that what Ontario needs ... is jobs for today ...

And jobs for tomorrow.



Turning the Corner

During the last global recession, we launched a multi-year plan to protect jobs ... invest in schools, hospitals, roads and transit ...

A plan to manage expenses and to strengthen the economy.

We did this, while building an Ontario that is every bit as compassionate ...

As it is competitive.

We knew we had to control expenses, manage spending, find savings ...

And make the necessary investments to move Ontario forward ...

To protect and create more jobs.

All the while, chipping away ...

Patiently ...

Day in and day out ...

At the deficit.

At the same time, we also chose to keep supporting the valuable services ...



Like health care and education ... that keep us competitive and provide for our families.

Mr. Speaker, there are other choices we could have made ...

Some wanted us to cut vital services drastically across the board ...

But that would have hurt the very services Ontarians needed most ... at the very moment they most needed them.

Instead of cutting ... we built ... Mr. Speaker.

We kept people working and we built for the long term.

We built hospitals ... and schools ...

We built roads ... and transit.

And we built an education system second to none.

Today ... students from full-day kindergarten to college, university and apprenticeships are getting ready for today's jobs and tomorrow's opportunities.

All of us ... as Ontarians ... have been creating those opportunities, together.

Since 2009, our businesses and entrepreneurs have helped create more than 600,000 net new jobs.



The vast majority of these have been full-time and higher-paying jobs.

And Ontario is getting ready to create an additional 320,000 jobs by 2019.

Mr. Speaker, that would bring Ontario's total job creation to well over 900,000 in just 10 years.

That is more jobs than there are people in the sixth largest city in Canada — my hometown of Mississauga.

And there's more.

We've created a business and investment climate that is one of the most competitive in North America.

And we're going to keep our taxes competitive.

We've cut the marginal effective tax rate on new business investment in half.

And we're going to keep that in place, too.

We've reduced the cost of doing business by eliminating regulatory red tape.

And we're going to do even more.



When people start a business in Ontario ... they know that their workers will be highly skilled and talented.

Those solid advantages, Mr. Speaker ... are important in an uncertain global economy.

Ontario's economy is projected to grow by 2.2 per cent ...

Making us a leader in Canada in economic growth and job creation.

For the last two years, we have attracted more foreign direct investment than any other Canadian province or U.S. state.

And those investments created full-time, high-paying jobs for Ontarians.

We know from experience, however, that the global economy can turn very quickly.

Right now, uncertain economic winds are currently blowing in the right direction for Ontario.

A low dollar ...

Low oil prices ...

And steady U.S. demand all favour Ontario exports.



We cannot simply trust that those fair economic winds will stay with us.

We must keep charting our own course.

So, we're staying the course, moving forward with our plan to build jobs for today ... and jobs for tomorrow.

The plan supports good jobs today by investing in infrastructure ...

And in a low-carbon economy driven by innovative, high-growth, export-oriented businesses.

The plan invests in people's talents and skills and their ability to get and create the jobs of tomorrow ...

By expanding access to college and university education.

The plan also helps all Ontarians ...

Achieve a more secure retirement.

At the same time, Mr. Speaker, we will keep building a more compassionate Ontario ...

And stick to our plan to eliminate the deficit by next year ... in 2017–18.



Investing in People's Talents and Skills

Mr. Speaker ... we launched full-day kindergarten in 2010.

We said then that it was the best thing we could do to build a better, more competitive Ontario ...

Because we know that giving young minds a great start in those critical early years ...

Sets them on a path to success in the years that follow.

Mr. Speaker ... that first full-day kindergarten class is in Grade 5 this year ...

And with each passing year ... our young people ... our children ...

Are learning new skills and gaining more confidence ...

Getting closer to postsecondary education and the workforce.

As every parent knows ... kids grow up fast.

One day, we're driving them everywhere by car ...

The next day, they're driving the car everywhere.

So it's time, Mr. Speaker ... that we look ahead to what our kids will need next.



We have made sure that every child ... no matter what their family income ... has an opportunity to get a great start in life.

Next, we'll make sure that every student ... no matter what their family income ... has an opportunity to get a great job.

The kind of job you can only get with a postsecondary education.

We know that people who have a degree or diploma can expect to earn more than people who don't.

We also know that people from low-income families do not pursue a postsecondary education as much as others ...

Because they think they cannot afford it.

And even though we have one of the highest attainment rates in the world ...

We need it to be higher to increase Ontario's prosperity even more.

That is why we are taking steps to make postsecondary more affordable for more students.

We are transforming student assistance so it's less complex and easier to access.



All students would be as well as, or better off than, they are under the current Ontario Tuition Grant.

More than 50 per cent of students from families with incomes of \$83,000 or less will receive grants that are greater than the cost of average tuition.

For college and university students who come from families with incomes of less than \$50,000, average tuition will be free.

Mr. Speaker, it gives us great pleasure to announce that these students will have no provincial student debt.

Our plan increases access for everyone, and benefits the middle class.

That means more young people ... will be better educated ...

Better prepared to work ...

And more young people will be better able to provide a better quality of life for their own families.

This is an investment in their future.

Mr. Speaker ... there's another investment we proudly make.

Our publicly funded, high-quality health care system is also a great competitive advantage for Ontario ...



And it is a source of comfort for our families.

For the last several years, Ontario has not only controlled growth in health care spending ...

We have led the way in keeping high-quality health care on a sustainable path.

In 2016–17, we will increase funding for hospitals by \$345 million, including the first increase to hospital base budgets in five years.

At the same time, we are maintaining our commitment to increase funding to home and community care ...

By \$250 million per year for the next two years.

Ontario is also planning to make the shingles vaccine available to eligible seniors aged 65 to 70 ...

Free of charge.

This will lower costs for these seniors by about \$170, making their everyday lives easier.

It will reduce emergency room visits and hospital stays.

This balanced approach allows Ontario to achieve progress ...

And protect high-quality health care.



Building Tomorrow's Infrastructure Now

Mr. Speaker ...

We all have places we need to go.

Whether it's an early meeting at the start of the day ...

Or daycare at the end of the day.

Like so many, I'm a daily commuter ...

And I think I speak for all commuters when I say ...

We'd rather spend less time looking at those stick-figure families you see on back windows ...

And more time with our own families.

That's why we are committing \$160 billion over 12 years ...

To public infrastructure investments.

That's bigger than the commitment we made in the Fall Statement ...

And the biggest investment of its kind in our province's history.

Strategic infrastructure investments stimulate economic growth and create jobs.



Strategic infrastructure investments move people more quickly and safely ...

And strategic infrastructure investments move goods to market more competitively.

Through Moving Ontario Forward, we are building GO Regional Express Rail ...

Which will quadruple the number of weekly trips from about 1,500 to 6,000.

Our municipal partners have told us that the Ontario Community Infrastructure Fund ...

Is vital to help them build the critical infrastructure they need to thrive and compete.

So, Mr. Speaker ...

I am pleased to share that we're expanding this fund to \$300 million per year by 2018–19 ...

To support projects in communities with populations of less than 100,000.

Mr. Speaker, these are vital investments in jobs for today and tomorrow.

These are investments that keep Ontarians moving ...



These are investments to keep growing our economy.

Furthermore ... over 10 years ... we will invest \$11 billion to improve the condition of our schools.

And \$12 billion in hospitals.

Mr. Speaker, the record investments we are making in building roads, transit, schools and hospitals ...

Will create jobs today.

And sustain jobs for tomorrow ...

Strengthening our province ... and improving our quality of life for Ontario families.

As you know, in November 2015, the Province completed the initial public offering of Hydro One ...

Creating strong investor demand.

We remain on track to generate \$5.7 billion over time ...

From maximizing the value of our assets ...

And reinvesting the funds in transit and other infrastructure across Ontario ...

To create even more assets and even greater returns.



Creating a Dynamic, Innovative Business Environment

Mr. Speaker ... although today's global economic climate continues to be uncertain ...

The forecast for Ontario is better than most.

Last month, TD Bank reported that Ontario can expect solid economic growth in 2016 ...

Fuelled by a strong manufacturing and export sector.

We want to sustain that growth, Mr. Speaker ...

And build on it.

We want to lead the world ... with a dynamic and innovative business environment.

We're moving forward with the Business Growth Initiative that was outlined in last fall's economic statement.

This will support further innovation in Ontario's economy ...

It will help small and medium-sized businesses scale up, helping them become global leaders.



The Business Growth Initiative will modernize the regulatory system and further reduce the cost of doing business ...

Even more than we already have.

One example of this initiative is a new Advanced Manufacturing Consortium with three universities — Western, Waterloo and McMaster.

This partnership will work with manufacturers on long-term industrial research projects ...

To make Ontario a leader in products like digital components and devices.



Investing in a Low-Carbon Economy

Mr. Speaker, the global fight against climate change also presents new opportunities for Ontario's economy and jobs.

Climate change already costs the people of Ontario.

We know the financial cost will only continue to rise over the next century.

And we know that while climate change creates environmental challenges ...

Tackling it creates economic potential.

Ontario has developed the skills, talent and innovation to become a model for sustainable growth and prosperity.

We cannot ... and will not ... sit idly by and wait for others to take action.

That's not the Ontario way.

Mr. Speaker, many people may not know that North America's first commercial oil well actually began in Ontario in 1858 ... in the village of Oil Springs in Lambton County.

More than 150 years later ... we're leading again ... this time, in a different direction.



Ontario began transforming our carbon-based economy
a decade ago ...

When we announced North America's single-largest greenhouse
gas-reducing initiative ...

By closing down our coal-fired power plants.

Coal has gone from supplying a quarter of our electricity
just 10 years ago ... to none today.

In 2005, we had more than 50 smog days.

Since we closed the last of Ontario's coal plants in 2014, we've
had zero — none.

Our people breathe easier ...

Our air is cleaner ...

Our electricity is greener

And others ... around the world ... are looking to our leadership
in clean technology.

Ontario is home to more than a third of Canadian clean
technology companies.

All of this means jobs for today ...

And jobs for tomorrow ...



Giving us a competitive advantage over other places where they've decided to put their emissions reductions off for another day.

Because, make no mistake, Mr. Speaker ...

This is where our world ... where our global economy ... is headed.

Ontario was among the first to eliminate coal ...

Among the first to embrace clean tech ...

And we will be one of the first to take the next big step in environmental sustainability, innovation and economic growth.

Ontario is moving forward with a proposed cap-and-trade program.

Under the program ... Ontario would cap the amount of greenhouse gas pollution that businesses and institutions can emit.

Companies could respond by investing in clean technologies to become more efficient, burning fewer fossil fuels or buying additional carbon credits.

Mr. Speaker, all proceeds from the cap-and-trade program — up to \$1.9 billion annually ...

Will be invested to further reduce pollution and greenhouse gas emissions ...



To ensure clean air for our children and future generations to come.

Ontario is investing in the global low-carbon economy ...

And we will reap the economic and jobs benefits ...

And Ontario's clean tech companies will thrive.

Through our recently announced Green Investment Fund ...

Ontario will also spur investment and innovation in clean tech ...

To help provide solutions to large emitters that face barriers in reducing greenhouse gas emissions.

Mr. Speaker, Ontario will reduce our greenhouse gas emissions ...

And direct resources and investment to ensure companies and households thrive during the transition to a low-carbon economy.

Cap and trade will create an even more dynamic and innovative business environment ...

With jobs for today ...

And jobs for tomorrow.



Shrinking the Retirement Savings Gap

Mr. Speaker ... Ontario's plan ... also includes strengthening retirement security.

Let's give credit where credit is due.

Thanks to the vision and leadership of Premier Kathleen Wynne ...

The Ontario Retirement Pension Plan (ORPP) will help close the savings gap for millions of people who lack the security of a workplace pension.

And thanks to the hard work of our colleague Mitzie Hunter ...

We've been able to make the ORPP a major part of our economic plan.

We believe that every working Ontarian deserves a secure retirement.

We will enrol employers for the ORPP starting next January, and start collecting contributions in January 2018.

And start paying out benefits in 2022.

We are working with the federal government and the other provinces ...



To look at ways to meet the goals of ORPP within an enhanced CPP framework.

Most importantly, Mr. Speaker, our plan means more Ontarians will enjoy a more secure retirement, meaning Ontario's economy will be stronger.

A More Compassionate Ontario

Mr. Speaker, Ontario continues to build a fair society.

It includes retirement income security and includes overall income security.

This year's *Budget* continues to improve the supports that lift people out of poverty.

We are directly addressing the impact of the changing labour market and helping our most vulnerable ...

And we are increasing social assistance rates by one and a half per cent for people who receive Ontario Works ...

And people who rely on the Ontario Disability Support Program.

Mr. Speaker, I am proud to announce that we will join with researchers and communities to develop a Basic Income pilot project.



We are investing \$178 million over the next three years in our Long-Term Affordable Housing Strategy to support the goal to end chronic homelessness ...

Because everyone deserves a roof over their head.

We are undertaking new, progressive initiatives such as the Long-Term Strategy to End Violence against Indigenous Women ...

Because everyone deserves to be safe.

Taking action on the recommendations of the Truth and Reconciliation Commission of Canada ...

Will improve social conditions and economic opportunities for First Nation, Inuit and Métis peoples.

Mr. Speaker ... it is also important to note that this *Budget* ...

Is the product of many open and extensive consultations ... with tens of thousands of people across our great province.

Our interactive Budget Talks platform empowered people to submit, vote and comment in real time.

Many of their ideas are contained in this plan.

My colleagues on the Standing Committee on Finance and Economic Affairs tell me that ...



At every single one of their hearings ...

They heard from families, community groups and health organizations ...

About what we need to do to help our most frail and elderly ...

Live with dignity ...

And about the need to improve palliative care, as well as end-of-life care.

So, in this *Budget*, we're going to expand hospice care.

Mr. Speaker, a lot of this work has been spearheaded by one of the most compassionate Ontarians I know ...

Someone whose own personal experiences with his father's end-of-life care have inspired him to help others.

Thank you, MPP John Fraser.

Making Everyday Life Easier

Mr. Speaker ... a compassionate Ontario also means making everyday life easier for Ontario families.

We have taken steps to help auto insurance rates go down, not up.



We will eliminate the \$30 fee for Drive Clean.

And we are lowering hospital parking fees.

Full-day kindergarten helps families manage their time, the cost of child care ...

And, of course, gives our children the best start in life.

From elementary school through high school and all the way through college and university ...

We offer greater flexibility and choice for students ...

As we continue to expand access to online learning through eCampus Ontario.

Mr. Speaker, we are also using technology to make it easier to use public services.

By 2018, people will be able to use an online service to renew their health cards.

Let's not forget we have increased choice and convenience by expanding beer sales to grocery stores ...

And more recently, we have begun the expansion of wine sales in grocery stores.



A Stronger Ontario and Stronger Canada

Mr. Speaker, for years we have called on the federal government to be a willing and productive partner in building a strong Ontario.

Because Ontario remains at the heart of the Canadian economy.

We have always done our part to ensure our province and our country stay strong.

So it is encouraging, Mr. Speaker, that Canada's new government in Ottawa ...

And our new Prime Minister, have shown a willingness to work with us to build Ontario's economy ...

And we look forward to continuing to strengthen that partnership.

And as Canada celebrates 150 years, our province will host events in recognition of our proud heritage and roots.

We will celebrate local talent and explore our history.

People will experience the diversity of our Indigenous and francophone communities ...

And our many, many cultural communities ...

That make Ontario great.



Strong Fiscal Management

Mr. Speaker ... I said earlier that Ontario's plan has been long in the making ...

And that we continue to chip away at the deficit ...

Now, we are in the home stretch.

Through hard work and discipline, Ontario remains the province with the lowest per capita program spending in Canada.

Our net debt-to-GDP ratio — a key measure of fiscal performance ...

Is expected to peak at 39.6 per cent in 2015–16 ... then level off.

It will improve in 2017–18 and track towards our goal of 27 per cent.

Our plan represents a balance between making strategic investments and managing expenses.

The results reflect the hard work of Deputy Premier Deb Matthews and our Treasury Board team as we continually examine how every taxpayer dollar is spent ...

Line by line ...



To focus on improving outcomes that support key public services relied on by families ... to ensure maximum value for tax dollars spent on programs and services.

This has helped improve performance and the fiscal plan.

We are now projecting a deficit of \$5.7 billion in 2015–16 ...

Reduced further to \$4.3 billion in 2016–17.

Mr. Speaker, this will be the last deficit before we erase it completely in 2017–18.

We are balancing the budget.



Conclusion

Mr. Speaker ...

Ontario has a lot to be proud of.

Our natural environment ...

Our quality of life ...

Our cities ...

Our countryside.

We grow and produce some of the world's greatest food ...

Brew great beer and make amazing wine.

Our high tech and clean tech industries are leading the way for the rest of the world ...

Our banks are some of the world's strongest and most reliable institutions ...

For hundreds of years ... the products mined and made and farmed in Ontario ... the discoveries uncovered here ... have done more than just bring us wealth and prosperity ...

They've improved the lives of millions of people around the world.

We have much to be proud of.



And most of all ... our single greatest resource ...

The best edge we have in a globally competitive economy has always been ...

And will always be ... our people.

So our government remains committed ... above all ... to our people.

To ensure each of us has what we need to compete and win ...

And more than that ...

We have what it takes ... to build a bright future.

Bright people who create jobs today ... and jobs tomorrow.

Thank you, Mr. Speaker.





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