



BUILDING OPPORTUNITY SECURING OUR FUTURE



ONTARIO BUDGET • **2014** • BUDGET SPEECH

The Honourable
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Minister of Finance

Check Against Delivery

Introduction

Mr. Speaker, I rise to present the *2014 Ontario Budget*.

Seventy-four days ago, we tabled a plan in this Legislature for the people of this province.

For a brighter, stronger future.

A plan that creates greater opportunity and security for Ontarians ...

In all corners of the province.

We committed to reintroducing this *Budget* if elected ... and we are following through on that commitment today.

At home I was taught to look out for others ... not just yourself.

To be open-minded ...

To seek input from people ...

And then make informed decisions.

So, since I last tabled this *Budget*, we took that plan to the people ...

From Sault Ste. Marie to Scarborough ...

Windsor to Walkerton ...

Kingston to Kitchener ...

From Barrie to Burlington.

And they entrusted us and our plan ...

A plan that we begin to move forward ... today.

The Plan

Mr. Speaker, Ontarians are this province's greatest strength ...

Their talent and skills, their compassion and competitiveness, their diversity and support for one another ...

Are what make this province so great.

Our plan builds on those strengths ...

Our plan provides more opportunity ...

Our plan helps everyone achieve their best ...

And helps grow the economy.

It's designed to support all people of the province ...

And it does so by investing in the education and the skills training necessary for new growth ...

By building up public transit to reduce congestion ...

By connecting communities across the province with new roads and highways ...

By partnering with businesses to create good jobs ...

By providing greater financial security for those retiring from the workforce ...

And ... underlying our plan is an unwavering commitment to balance the budget by 2017–18.

Jobs and Growth

Mr. Speaker, our plan looks not only at the days ahead ... but also at the decade ahead.

We have an economy with great potential ...

We have a reputation as a hub for global business.

Companies around the world want to invest in our province.

They know we have a strong and highly skilled workforce ...

A world-leading education system ...

Doctors and nurses second to none.

Ontario is, in fact, ranked first in North America for attracting foreign direct investment.

And we have one of the most diversified economies in the world ...

And there is more opportunity for us to fire on all cylinders.

That is why our plan invests today for a better tomorrow.

We will make the right investments ... in skills and training ... in infrastructure ... and in business to strengthen our competitive advantage ...

To create more opportunity and create more jobs.

Mr. Speaker, to build skills for our workers in the long term, we have introduced and will protect full-day kindergarten and the 30% Off Ontario Tuition grant.

From early years learning through to postsecondary, we want to ensure Ontarians build the right skills through their lifetime.

And for those who have just graduated from high school, we will introduce Experience Ontario.

A program that would give young adults valuable work experience before they choose their path in life.

A few months ago, I spoke about our new \$2.5 billion Jobs and Prosperity Fund.

We will use this fund to partner with businesses to encourage new investment that creates jobs here in Ontario.

And we will make investments in training so people have the skills to keep our industries at the leading edge of innovation.

This will help their businesses grow and it will help them hire more people.

Mr. Speaker, we also know we live in a global economy.

So we will continue to go to other parts of the world to encourage more companies to invest here in Ontario.

As the Premier announced in the Speech from the Throne ... the first trade mission of this government will be to China in the fall.

These are the keys to helping our economy grow and fire on all cylinders.

Investing in Transportation and Infrastructure

Mr. Speaker, when I was last here, I said that Ontario's growth has outpaced its infrastructure for decades.

Governments of all political stripes failed to make the necessary investments to unclog our highways ...

Roads in our cities and towns are congested.

And while over the last 10 years we have made major investments to improve public transit, roads, highways and bridges, there is still more to do.

We need to position our province for the future.

The time has come for a plan that will improve not only the lives of Ontarians today ...

But also the lives of our children and grandchildren tomorrow.

Our transportation plan – Moving Ontario Forward – would dedicate two new funds to fight traffic congestion and invest in roads, bridges and transit totalling \$29 billion.

The first would help address congestion in the Greater Toronto and Hamilton Area.

The second fund would invest in critical projects across the rest of the province.

This is part of a \$130 billion, 10-year investment in infrastructure.

And not just on roads and highways ...

We are also investing in new schools and hospitals and other infrastructure priorities ... and are working to ensure our infrastructure will withstand the extreme weather we're now experiencing due to climate change.

Our plan will be an immediate boost to jobs and economic growth in the short term.

Our plan will help businesses get their goods to market faster, making them more competitive – that enables growth and the hiring of more people.

Our plan will also help people get to work, home and school more quickly and safely.

All of this means long-term prosperity for Ontario and an even better quality of life for our families.

Mr. Speaker, we will invest \$1 billion in transportation infrastructure for the development of the Ring of Fire in Northern Ontario.

This area contains \$60 billion worth of minerals, including for the production of stainless steel.

And we will continue to work to bring the federal government to the table as a partner to seize on this tremendous economic opportunity for both the province and our country.

Ontario Retirement Pension Plan

As part of our plan and in keeping with the public's priority, we must also help secure the retirement of people who have worked their whole lives.

Unless we take action now, a significant portion of today's workers will be left with a lower standard of living ...

And that would be unacceptable.

That is why we are introducing the first-of-its-kind mandatory provincial pension plan to build on the Canada Pension Plan (CPP).

And we have appointed an Associate Minister responsible for implementing our new pension plan.

Because ... after a lifetime of work and a lifetime of contributing to the economy, retirees deserve to maintain their standard of living.

As I have said before, our plan would build on the strengths of the CPP.

Our plan would enhance benefits for middle-income earners while keeping contribution rates low.

The Ontario Retirement Pension Plan (ORPP) would be publicly administered at arm's length ...

The ORPP would have a strong governance model, with experts responsible for managing its investments.

Mr. Speaker, we are moving forward with this plan.

Just a few weeks ago ... the Premier, Associate Minister of Finance Mitzie Hunter and I met with our Technical Advisory Group on Retirement Security ...

We are all working to introduce this new pension plan in 2017.

Going forward, we will continue to engage with other provinces and territories and welcome them to join our plan.

And we hope that all members of this house will support it as well ...

Just as the people of Ontario do.

Fiscal Plan

Mr. Speaker, our government is committed to balancing the budget by 2017–18.

We are on track to beat our deficit target for the fifth year in a row.

This means that, over the last five years, Ontario's debt is \$24 billion lower than originally projected.

Since 2010–11, our growth in program spending has been held to an average of 1.4 per cent per year.

Over the next three years, average growth in program spending will be less than 1.1 per cent a year.

Mr. Speaker, we acknowledge that there are skeptics ...

But let me be clear: we will balance the budget by 2017–18.

We will limit the growth in expenses.

We will eliminate the deficit.

We will continue to cut where we can.

But we will continue to invest where we must.

All of which supports our agenda of balancing the budget.

That supports a stronger economy and more jobs ...

And we will continue to manage compensation with our partners in the broader public sector to ensure that all costs are within Ontario's existing fiscal framework.

We are proposing that MPPs will continue their pay freeze from April 1, 2014, until the budget is balanced.

And Mr. Speaker, we have a proven track record that we can achieve our expense and deficit targets.

And I commit to continuing to meet those targets going forward.

Mr. Speaker, we will not stop once the deficit is eliminated.

We will continue to be mindful of expenses.

We will continue to control costs in order to reduce the debt ...

Because we cannot allow future generations to face that burden alone.

We must do what we can now ...

In fairness to our children and grandchildren.

Mr. Speaker, we now have a new President of the Treasury Board who will work closely with me, the Premier, Treasury Board members and cabinet to meet our fiscal objectives.

And accordingly, we must also act on the revenue side.

As noted in the *Budget*, we are proposing to increase the tax on aviation fuel. The tax would increase by one cent per litre on September 1, 2014, and by one cent per litre annually on April 1 of 2015, 2016 and 2017.

I also previously identified changes to the Ontario small business deduction to phase out this tax benefit for large corporations.

And we also spoke about the proposed personal income tax changes for the highest two per cent of tax filers in Ontario.

In addition to our measures on the expense side, these additional revenues would help to fund transit and transportation infrastructure and to pay down the deficit.

Mr. Speaker, we will also look at maximizing value and unlocking the full value from government assets ...

Including real estate and Crown corporations such as Ontario Power Generation, Hydro One and the Liquor Control Board of Ontario.

We will receive independent advice from an advisory council ... which is being led by retiring Group President and CEO of TD Bank Group, Mr. Ed Clark.

Unlocking the full value of these assets will include improving efficiency and enhancing their performance and revenue.

We owe it to all Ontarians to extract more value for them as taxpayers.

And we will reinvest these funds, to create jobs and build a stronger future.

Mr. Speaker, let's also keep in mind that Ontario runs the leanest government in Canada.

We are moving forward with more than 80 per cent of Don Drummond's recommendations for creating efficiencies in the public sector ...

And are surpassing expectations of savings in the system.

We continue to have the lowest per-capita program spending of any province ...

It is important that we find the balance ...

We will continue to reduce and eliminate the deficit ...

While ensuring that we invest in vital public services.

Ontario's Public Services

Mr. Speaker, the people of Ontario want their government to provide services so that they can achieve their best.

That is why we will lead from the activist centre.

Building opportunity ...

Securing their future.

Our government is making Ontario's schools and hospitals among the best in the world.

So as part of our plan, we will continue to improve our public services.

We will look to transform delivery and cover costs while maintaining the quality of services.

In May, I spoke about workers in developmental services, early childhood educators and those providing care in the homes of our elderly.

We must do more to invest in them ...

So beginning this year, we are increasing the support that we provide to these valuable care workers.

And, Mr. Speaker, we will also continue to foster consumer protection and reduce everyday costs for Ontario families ...

Particularly when it comes to auto insurance.

We will reduce auto insurance rates by 15 per cent on average in Ontario over two years.

While progress has been made, more must be done.

The opposition delayed passage of an important bill to lower costs this spring.

So tomorrow, I will reintroduce legislation that takes aim at unfair practices in the towing and storage process of vehicles involved in accidents.

And we will continue to find new ways to reduce costs in the system and pass on those savings to consumers.

Mr. Speaker, we are also introducing amendments to the *Pension Benefits Act*, previously part of Bill 151, which would include changes to help people affected by split pensions resulting from past government divestments.

And finally, we are proposing changes to the *Electricity Act*, which were previously introduced in Bill 153, *Complying with International Trade Obligations Act*, 2014.

Federal Government

Mr. Speaker, the federal government must partner and work with the provinces ... including Ontario.

Just last week we made some headway ... two new provinces ... Saskatchewan and New Brunswick ... signed on to be part of the cooperative capital markets regulatory system.

A cooperative regulator would strengthen securities regulation across the country ...

And increase protection for everyday investors.

And Ontario was a leader in pursuing it.

We need a strong, sustainable partnership ... in all areas.

Mr. Speaker, we partner with Ontarians ...

We ensure that they all have the same, equal ability to do their best.

We help pull people out of poverty ... through programs such as the Ontario Child Benefit.

That we give everyone the ability to succeed ... through skills training and a world-class education system.

When it comes to the federal government, we are looking for a partner there as well — in the Ring of Fire, for example ... because it is a national economic priority.

We are looking for a partner to build better transit ... because it is a national economic priority.

And Mr. Speaker, we are looking for a partner to treat Ontarians fairly ... because it is ... also ... an economic priority.

Each year, the share of federal revenue raised in Ontario is higher than the share of federal spending in the Province ... in a recent report, the gap was pegged to be \$11 billion.

This means that Ontarians' money is currently redistributed to other regions of Canada to subsidize programs and services that Ontarians themselves may not enjoy.

Mr. Speaker, no province is a more staunch supporter of Canadian federalism than Ontario, but this support cannot be taken for granted.

Our economy needs a boost, but we have a federal government that is doing more to hamper that recovery.

In 2014–15, our province will experience a year-over-year decline of \$641 million in major transfers.

According to the Parliamentary Budget Officer, over the last four years, the federal government paid a total of \$2.2 billion to other provinces to specifically prevent their transfers from falling.

This year, when Ontario was the only province facing a decline, the federal government ended the practice of transfer protection payments ... that is out of whack.

I ask the federal government to treat Ontarians fairly.

The people of Ontario deserve their fair share when compared to other provinces.

Conclusion

Mr. Speaker, we know that we are stronger when we all work as one.

We must continually move forward.

Mr. Speaker, with the right plan ...

And the experience to deliver that plan ...

This decade will see Ontario move forward in the new global economy.

We will continue to be mindful of how we spend each dollar.

We will eliminate the deficit by 2017–18.

We will make the necessary investments to grow the economy ...

Create jobs ...

Build new public transit and roads for our people and communities ...

Ensure a more secure retirement ...

And our government will deliver on this plan.

For a stronger Ontario ...

With new opportunities ...

And a more secure future.

Mr. Speaker, Ontarians see the potential of this plan.

And I'd like to thank them for their hard work ... in making Ontario a great province.

And I'd like to thank them for their confidence in their government, newly elected on this very *Budget*.

It is a privilege and we will honour it.

They have asked us to implement our plan.

Mr. Speaker, that is exactly what this government is going to do.

Thank you, Mr. Speaker.