



BUILDING ONTARIO UP

A collage of images used as a background for the title. The images include: a suspension bridge, a field of red and yellow apples, a field of tall grasses, a construction site with wooden framing, solar panels, a red excavator, a green and white passenger train, a field of green crops, and a modern highway interchange.

The Honourable
CHARLES SOUSA
Minister of Finance

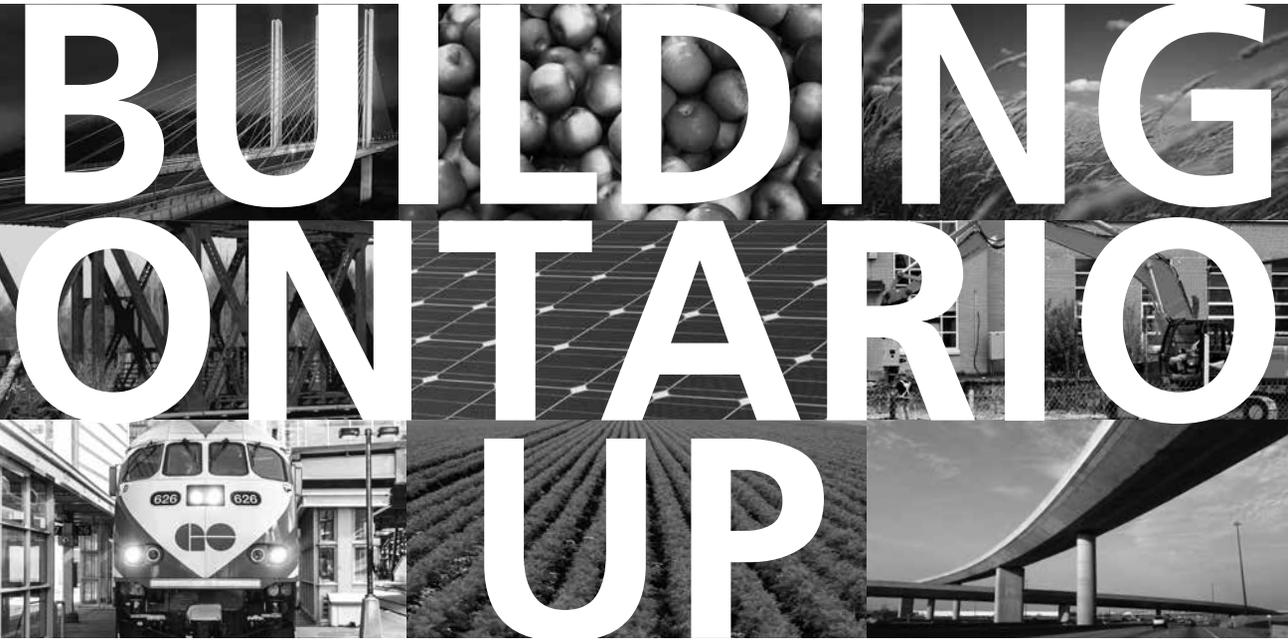
Budget Speech

**ONTARIO
BUDGET**

2015



Ontario



Check Against Delivery

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Introduction

Mr. Speaker, I rise to present the *2015 Ontario Budget*.

Before I begin, I want to thank my colleagues in this house and the many dedicated and talented public servants who helped draft this *Budget*.

In particular, Deputy Minister of Finance Scott Thompson, Treasury Board Deputy Minister Greg Orencsak, and Assistant Deputy Minister of Finance Chris Giannikos, as well as the dedicated staff in my office.

And I want to thank the many Ontarians we've spoken to directly, in town hall meetings and telephone town hall meetings, and people who gave their input through our Budget Talks website.

For generations, Mr. Speaker, governments have used budgets as a means to address the most pressing issues of the day and to lay out a course for our future.

Over our history, we have used budgets to protect our people from the effects of economic recessions, to build up our infrastructure here at home, to create jobs, and to secure a better future.

So, Mr. Speaker, this *Budget*, like all budgets before it, is more than just a report on government finances.

It is a statement about where we want to go next, about what we will do next — together — as Ontarians, to build a stronger province.



We all want a better quality of life, for ourselves and for those we love.

That has been the story of Ontario: each generation striving to build a better society.

It is one of the world's great success stories.

So today, Mr. Speaker, I am honoured to present our government's plan to address the needs of Ontarians now — and to build Ontario up — for a strong and prosperous future.

Creating Jobs and Growth

Mr. Speaker, our government's plan to create jobs and growth has four major components.

We will build modern infrastructure. We will support skills training. We will help create a more innovative and dynamic business climate. And we will provide income security in retirement.

And, Mr. Speaker, this is a plan that will not only create a more competitive economy, but also help build a fair society, with strong health care, and the tools to break the cycle of poverty and support people with disabilities.

And we will continue to move forward with our comprehensive path to balance the budget by 2017–18.



Building Modern Infrastructure

Mr. Speaker, the ingenuity and creativity of individual Ontarians know no bounds.

I think of people like Banting and Best, who invented insulin.

Dr. Emily Howard Stowe — a pioneer of women’s rights.

Or Samuel McLaughlin, who helped create our auto industry.

Each of these people, and so many others, have made tremendous contributions to our culture, our quality of life and our economy.

But there have been times in our history, Mr. Speaker, when the challenges we faced have been beyond the power of one person to solve.

And on those occasions, we have always come together to work together.

To tackle our challenges together.

Our history is steeped in examples of this.

In the 19th century, our country was founded, in part, through public investment in a national railway, linking Canada from west to east and helping to create a strong economy and a united country.

In the 20th century, Ontarians helped build the St. Lawrence Seaway — which helped us get our products to global markets, creating an economic boom.



In each of these cases, Canadians, working together, did what individuals working alone could not.

We invested in ourselves — building what was necessary to support a strong and growing economy — and rising to meet the challenges of the day.

Together we built infrastructure that created jobs, generated growth and improved our quality of life.

Today, as we compete in the 21st century global economy, Ontario is facing new challenges that we need to tackle together if we want to create growth and jobs.

Mr. Speaker, right now, the biggest barrier to jobs and growth in our province is — ironically — a byproduct of our own success.

Ontario is a busy, competitive, just-in-time kind of province.

Our roads and our highways are filled with parts that need to get to manufacturing plants, and products that need to get to market.

And people who need to get to work — if we want to stay competitive.

Right now, gridlock is choking our growth potential.

Mr. Speaker, this is not just a “Toronto traffic” problem.

Everyone — from Bowmanville to Brampton to Burlington — knows how hard it is to get across the Greater Toronto and Hamilton Area (GTHA) in rush hour.



The average daily commute time for residents in and around Toronto is nearly 66 minutes. Commuting times in Ontario have risen nearly 12 per cent between 1994 and 2010.

Gridlock costs our economy up to \$11 billion per year in the GTHA alone.

The bottom line is we are losing revenue, and losing growth.

Because, for a long time now, we have not been building fast enough to keep up with our needs. Government after government has delayed investing in infrastructure.

We can't afford any more delays.

We must build.

Mr. Speaker, the effect of this epic congestion in the GTHA echoes in the economies of communities like Windsor and North Bay and Kingston.

Because we are all connected.

And communities outside the GTHA have their own specific infrastructure needs closer to home as well.

So, just like we came together to build other projects in the past, we need to address the great challenge of our time.

The very best thing we can do to make sure our economy continues to grow and produce jobs is to build the roads, bridges and transit that a 21st century economy needs.

That's why we created the Trillium Trust.



So that we would have the funds set aside to build the infrastructure we need.

Public investments are important. But let's be clear. This is not about building more government. It is about building more opportunity.

We know that every dollar going into infrastructure generates \$1.60 in economic activity.

To support our growth — and to build to meet the challenges of our time — we have taken steps to unlock the value of some of our Provincial assets.

Mr. Speaker, as you will recall, back in 2009, we took action to save the auto sector at the height of the global recession to protect our economy.

That was the right decision at the time, and divesting those shares when the crisis had passed was also the right decision.

That gave us \$1.35 billion — which we are using to build our province in other ways.

So, Mr. Speaker, we asked the Premier's Advisory Council on Government Assets — headed by Ed Clark — to explore ways to maximize the value of other Provincial assets.

Unlocking value — as Canadians have done from time to time throughout our history — allows us to reinvest in critical public transit and other infrastructure projects.



To make investments — right now — that help create future jobs and growth for tomorrow.

The Council did its job, Mr. Speaker — guided by three principles:

- Protecting the public interest;
- Maximizing value for Ontarians; and
- Doing so in a transparent way.

We are already adopting two of the Council's recommendations.

First, we're modernizing Ontario's distribution and sale of beer, improving choice and maintaining our social responsibility in the process.

As part of this, for the first time in its history, Ontario will permit the sale of beer in grocery stores. We are doing this while taking the necessary steps to maintain social responsibility.

It's the biggest change in alcohol distribution and sale since the Prohibition era.

Second, Mr. Speaker, we are broadening the ownership of Hydro One through an initial public offering (IPO) that will strengthen long-term performance and unlock billions in value for the benefit of Ontarians.

We will do so while protecting the public interest.



Following the IPO, the Ontario government will remain the largest shareholder and is proposing, by law, that no other shareholder or group of shareholders be permitted to own more than 10 per cent.

Most importantly, Mr. Speaker, the new Hydro One will not set rates for consumers — which will remain the job of the independent Ontario Energy Board.

By broadening the ownership in Hydro One, we will be able to invest billions of dollars more in critically needed infrastructure that will fuel our economy.

Under our Moving Ontario Forward plan, we will dedicate \$31.5 billion over 10 years for public transit and critical infrastructure right across the province.

We will further improve GO train service.

Our Regional Express Rail plan will mean more trains, more trips and faster service.

It will mean GO trains running every 15 minutes in core areas.

It will mean two-way, all-day service on weekdays, evenings and weekends in core areas.

It will mean extending the GO network — making it faster and easier to get around than ever before.

The Union Pearson Express will begin service this spring, getting people from downtown Toronto to Pearson Airport faster.



The first phase of the Highway 407 East Extension from Pickering to Oshawa will open later this year, helping people get home more quickly and easily.

It will mean infrastructure across Ontario.

We will invest about \$16 billion in the Greater Toronto and Hamilton Area (GTHA) and \$15 billion outside it.

For example, we will be investing \$100 million annually to help smaller communities like Burk's Falls and Penetanguishene build roads and bridges and create jobs.

We are making highway improvements between communities, like Highway 11/17 between Thunder Bay and Nipigon, and Highway 7 between Kitchener and Guelph.

Improving connections within and between communities.

Allowing goods and people to move more freely.

All of this supports a strong economy — with growth and jobs.

Mr. Speaker, our investments in public transit and transportation infrastructure are part of our long-term plan to build more than \$130 billion in infrastructure over 10 years. This will be one of the largest infrastructure investments in Canada since the Last Spike was driven, completing the Canadian Pacific Railway in 1885.

And it is the very best thing we can do — in 2015 — to secure a great future for our children and grandchildren.



Investing in Talent and Skills

Mr. Speaker, some parts of the world rely on lower labour costs as their competitive advantage.

We will do better.

Our competitive advantage is our talent, our education and our skills.

We know that a well-educated workforce is a competitive workforce.

And that leads to a stronger economy.

It starts at the very beginning.

Which is why today there are 130,000 more Ontario children in licensed child care than in 2003.

It is why we raised the wages of child care workers, invested in full-day kindergarten and lowered class sizes.

And it is why we are investing \$11 billion over 10 years to build new schools and improve older ones.

Today, more kids are meeting or exceeding provincial standards.

More kids are graduating from high school.

And more adults have a postsecondary credential.

We're making it easier to pay for a postsecondary education, too.



Last year we provided more than \$1.3 billion in grants and loans and helped more than 380,000 students achieve their dreams of a postsecondary education.

Mr. Speaker, making sure more people have access to postsecondary education is essential to our growth agenda.

That's why we are supporting our Aboriginal Institutes to ensure that Aboriginal youth have access to high-quality postsecondary education and training.

And it is why we're investing in skilled trades to support more than 28,000 Ontarians who registered for apprenticeships last year.

We're supporting Seneca College as it partners with Siemens Canada to train the next generation of technology workers.

I am proud to say that, in this *Budget*, we are renewing the Ontario Youth Jobs Strategy by investing an additional \$250 million over the next two years.

That will bring our total investment in youth employment programs to more than \$565 million over the next two years.

It will mean continued funding for programs that will introduce new ways to help young people get that first job, or find a mentor or start their own business. For example, the Youth Business Acceleration Program will provide startup funding and advice to innovative companies run by young people.



To take advantage of this growth, we need to continue to help our young people get the education and skills training they — and our economy — need.

We are supporting the apprenticeship system through a \$55 million investment that will enhance in-class apprenticeship training and support programs that help develop job skills and readiness to find work as apprentices.

Investing in talent and skills is helping to ensure we have the workers we want and need for continued economic growth. But we are doing more.



Innovative and Dynamic Business Environment

Mr. Speaker, the third part of our plan for growth is to help create an environment where businesses can be more competitive and succeed.

Part of that is, of course, building infrastructure, and investing in education and training. These are key priorities of our business leaders.

It also means cutting taxes.

We've done this.

Our combined corporate income tax rate is lower than the combined tax rate in any U.S. state.

And we are getting results.

Ontario is the top destination for foreign direct investment in North America. That means more jobs, economic growth and a better standard of living for all of us.

But, Mr. Speaker, there's more to do.

That's why we launched our 10-year, \$2.5 billion Jobs and Prosperity Fund to partner with Ontario companies to increase productivity, innovate and export.

Under the program, Guelph auto parts manufacturer Linamar Corporation received support for an investment of half a billion dollars that will create 1,200 jobs over the next 10 years.



We aren't stopping there.

We are also taking steps to build a more competitive business community.

We will enhance the Jobs and Prosperity Fund by an additional \$200 million to attract more business investment and create jobs, and by making the forestry sector eligible. We will establish a new innovation initiative, which will bring together senior business leaders to find ways to help scale up Ontario startups.

We will also extend the Northern Industrial Electricity Rate Program.

This ongoing annual investment of \$120 million will help Ontario's large northern industries reduce energy costs and increase their competitiveness.

We are also continuing to support growth and innovation in Ontario's agriculture and agri-food industry with initiatives that support farmers and producers.

Working together with the sector, we have already seen great progress.

Between 2013 and 2014, the agri-food sector created over 17,000 net new jobs. Total employment rose to over 780,000, and exports increased by 5.5 per cent to almost \$12.5 billion.

We are also helping businesses by cutting red tape. Since 2008, we have eliminated 17 per cent of all regulatory requirements. These were regulations that were getting in the way of people's businesses growing.



And we are helping to create a Cooperative Capital Markets Regulatory System.

British Columbia, Saskatchewan, New Brunswick, Prince Edward Island and Ontario — working with the federal government — have all signed on.

This will strengthen Canada's capital markets by providing better protection for investors, enhancing Canada's financial services sector and managing risk in our financial markets.

The next steps in this new national endeavour will be announced later this year.

Ontario has also led the way with the establishment of the first renminbi (RMB), or Chinese currency, trading hub anywhere in North and South America.

The RMB is currently the second-most-used currency in global trade finance.

This hub is authorized by China's central bank and will allow banks and other agents to develop and offer their clients financial services and currency exchange using the RMB.

The RMB trading hub will further attract business opportunities, trade and development to our province.



Climate Change

Mr. Speaker, to fight climate change, one of the greatest challenges facing humanity, Ontario is putting a limit on the main sources of greenhouse gas pollution through a cap-and-trade system to protect the air we breathe, the water we drink, and the health of our children and grandchildren.

Ontario intends to join the cap-and-trade system under the Western Climate Initiative. Under the cap-and-trade system, businesses would have their own greenhouse gas quotas and then be able to sell any unused portion that is not needed because of their own efficiency.

Good environmental policy is good economic policy. Reducing our use of fossil fuels will create jobs now, boost innovation and help ensure our prosperity in coming years.



Secure Retirement

Our fourth pillar, Mr. Speaker, is ensuring that everyone has a secure retirement.

We are introducing an Ontario pension plan to help ensure that all Ontarians can retire securely. Retirement security is a necessary part of keeping our economy strong.

The reward for a lifetime of contributing to that economy should not be financial insecurity in retirement.

More than half of all Ontario workers do not have a workplace pension plan.

Too many are at risk of not saving enough.

Low retirement savings put all of us at risk.

That's why we are introducing an Ontario pension plan.

The Ontario Retirement Pension Plan (ORPP), like health care and great schools, is a way to add to our strategic advantage by attracting and retaining the talented workforce businesses need.

We are moving forward by creating the ORPP's administrative body. We are also introducing voluntary pooled registered pension plans.

Both of these initiatives further enhance retirement security and help sustain economic prosperity for years to come.

Mr. Speaker, we are strengthening these four economic pillars — not as an end in themselves.

We are doing all this because a strong economy helps us create a fair society.



Health Care

A key to that fair society is our health care system.

Ontarians are as compassionate as we are competitive.

And our public health care system is proof of that.

Not only does it provide us with a way to compassionately care for all our citizens, but it provides us with a competitive advantage in the global economy.

That's why we're making it stronger.

Since 2003, we've hired 5,600 more doctors and 24,000 more nurses.

We've reduced wait times.

We've made sure 94 per cent of Ontarians have access to primary care.

And we've announced a raise of up to \$4 per hour over three years for personal support workers.

Now we're going to do even more.

We know that 30 per cent of Ontarians will experience mental health or substance abuse issues in their lifetime.

And we know that 70 per cent of these issues start in childhood.



So we've started tackling this issue by helping 50,000 kids and youth get mental health and addiction services.

The next phase of the Mental Health and Addictions Strategy includes investments of \$138 million over three years, starting in 2014–15.

As well, we will expand and improve on integrated home and community care while continuing to manage health care costs.

Mr. Speaker, we remain committed to sustaining and improving Ontario's publicly funded health care system — which remains an example to the world of professional, compassionate care.



Poverty Reduction Strategy

Mr. Speaker, creating a fair society means making sure everyone has a chance to succeed.

Lifting people out of poverty makes sense, just as providing for our shared health care makes sense.

Because when we *each* succeed, we *all* succeed.

That's why, since 2003, we have committed more than \$4 billion to build new affordable housing units and repair existing ones.

It's why we introduced our second five-year Poverty Reduction Strategy in 2014 — which focuses on breaking the cycle of poverty by tackling the root causes of poverty.

By helping children and youth.

By helping people find meaningful jobs.

By committing to our bold goal of ending homelessness.

And by reforming social assistance to help more people transition to the workforce.

In 2013 and 2014, we raised social assistance rates for Ontario Works recipients and people receiving Ontario Disability Support Program benefits. This *Budget* announces a third consecutive increase in social assistance rates.



Standing Up to Sexual Violence and Harassment

This year, Mr. Speaker, we also took steps to combat sexual violence and harassment and improve support for survivors.

We introduced a new plan called “It’s Never Okay” to end the root causes of sexual violence — causes like unhealthy attitudes and behaviours, and gender inequality.

And, Mr. Speaker, through updated education and stronger workplace legislation, we will change our province for the better — forever — by addressing an issue that has resisted change for far too long.

Because every Ontarian has a right to feel safe and respected.



Sound Fiscal Management

Mr. Speaker, we cannot have a society that is fair for all without sound management of Ontario's finances.

That's why our government works diligently and continues to surpass its fiscal targets year after year.

So, Mr. Speaker, we will continue to meet our targets with determination — and discipline — working collaboratively with businesses and consumers, until we have achieved our goal of a balanced budget.

We are now projecting a deficit of \$8.5 billion in 2015–16 and, when achieved, it will be the lowest since the onset of the global recession.

We project a deficit of \$4.8 billion in 2016–17 and a return to balance in 2017–18.

Ontario's diversified and resilient economy will help us reach that goal.

Ontario's economy is expected to grow at a solid pace, boosted by a more competitive Canadian dollar, acceleration in the U.S. economy and lower oil prices.

In 2015, the Ontario economy is forecast to grow by 2.7 per cent.

And since the recessionary low in June 2009, Ontario's employment is up by more than 500,000 net new jobs — more than recovering our jobs lost.



In fact, three-quarters of these new jobs are in sectors that pay above-average wages.

More than 83 per cent are in the private sector and 94 per cent are full time.

Proof, Mr. Speaker, that our province is heading in the right direction.



Making Every Dollar Count

While economic growth is a good sign, we do not rely on growth alone.

Mr. Speaker, we have also held the line on spending.

2014–15 marks the sixth year in a row that program spending is expected to be lower than forecast.

In addition, over the past four years, the Province has held average annual growth in program spending to 1.5 per cent, below Consumer Price Index (CPI) inflation, without cutting critical services.

We are making every dollar count.

We did not control spending by slashing and burning, as some would do. We did it by closely examining programs.

I would like to acknowledge the great work done by my colleague, Minister Matthews, the President of the Treasury Board.

We have introduced a new multi-year planning and allocation process.

We are going line by line, looking at every program and service that government delivers.

Every program is being examined with fresh eyes. As we go forward, we ask these questions:

Is it still relevant? Is it effective? Is it efficient?
And is it sustainable?



We're looking across government to achieve better value for your money.

And our approach is working.

We have the lowest rate of per capita program spending of any provincial government in Canada.

And we are maintaining that while keeping health care, education and social services strong.

But we must hold the line.

For example, we have redesigned the youth justice system — there are now fewer youths in secure custody than in 2003 as a result of diverting lower-risk youth in conflict with the law to community-based programs.

We've changed health care funding from a system based on providers to one based on patients.

And this coming year, we will do even more.

We will rework the ways we purchase, dispense and bill drugs under the Ontario Drug Benefit Program — saving Ontarians over \$200 million per year.

We'll make our business tax support more focused and effective — saving another \$165 million per year by 2017–18.



Mr. Speaker, we are holding the line on public-sector compensation and there's no new funding for compensation increases.

We have already had some success with the Association of Management, Administrative and Professional Crown Employees of Ontario (AMAPCEO) — which represents our professional workers.

And we are negotiating with all our partners to ensure that we can continue to deliver strong public services while managing public-sector compensation responsibly.

And Mr. Speaker, we will continue to make sure that all businesses meet their tax obligations — which has so far generated \$600 million for the Province.

In this *Budget*, we are introducing new and better ways to continue to fight the underground economy and tax avoidance.

We will be outlawing electronic sales suppression technology, commonly known as zappers, which allows some businesses to hide sales and underreport business income.



National Leadership for a Stronger Ontario and a Stronger Canada

Mr. Speaker, time and time again, our Premier, Kathleen Wynne, has shown strong leadership on the national stage, where leadership was required, on issues such as energy, interprovincial trade barriers and climate change.

Ontarians pay \$11 billion more to the federal government than we receive in federal transfers and services.

We've lived with this inequality in the Equalization program for many years now.

That's because Ontario is a proud partner in the federation and we believe in doing our part to keep our nation strong.

That said, Mr. Speaker, Ontario needs a strong partner in the federal government if we are to strengthen our economy.

I have said that the great economic challenge of our time is building infrastructure.

Provinces and territories invest 46 per cent of all government infrastructure dollars, municipalities invest about 40 per cent, and the federal government invests just 14 per cent.

Mr. Speaker, if the federal government wants a stronger Canada, it must invest its fair share in the projects that strengthen Ontario's economy.

That also includes helping to develop the Ring of Fire to spur economic growth and create jobs.

Our government has committed to invest \$1 billion to build infrastructure, including transportation, in the region.

We need a federal partner in this initiative, Mr. Speaker.



The 2015 Pan/Parapan American Games

Mr. Speaker, this summer we will host the 2015 Pan/Parapan American Games.

This has been years in the making.

It will be the biggest multi-sport event ever held in Canada.

And we will welcome more than 10,000 athletes, coaches and dignitaries to 51 sports at more than 40 venues across Ontario.

It is another way we are building Ontario up.

The Games will attract more than 250,000 tourists, help create more than 26,000 new jobs, and grow our gross domestic product (GDP) by \$3.7 billion.

It's going to be an exciting summer event.

And one that will provide housing, transportation, accessibility, and recreational and educational legacies for decades to come.



Time to Build Ontario Up

Mr. Speaker, a budget does two things.

It gives a *summation* of our finances, and expresses our *aspirations* for our future.

Our government is determined to build Ontario up.

To do our part to help create a competitive, modern economy that creates jobs and growth.

The best way to do that is to work together — as Ontarians — to build infrastructure that benefits all of us.

To do that, we'll have to do some things differently.

We'll have to entrust to others some of what we've built together in the past.

So that — together — we can build what we need for a strong future.

It's what Ontarians have always done.

We have always made these kinds of choices, together.

We have always had the courage to tackle tough challenges.

The confidence to seize new opportunities.



And the certainty that — working together — there is nothing we cannot accomplish.

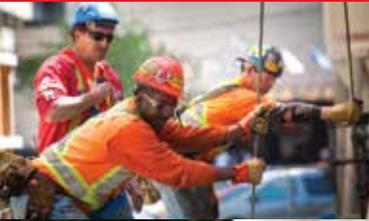
Today, Mr. Speaker, it is time to undertake the biggest infrastructure build in Ontario's history.

With courage, with confidence, with certainty.

It is time, Mr. Speaker, to build Ontario up.

Thank you, Mr. Speaker.





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