



Ontario

TURNING *the* CORNER TO A BETTER TOMORROW



2011 ONTARIO BUDGET

The Honourable DWIGHT DUNCAN
Minister of Finance

BUDGET SPEECH



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Budget de l'Ontario 2011 – Exposé budgétaire

Introduction

Mr. Speaker, I rise to present Ontario's *2011 Budget*.

Ontario is turning the corner to a better tomorrow.

Five consecutive quarters of growth, higher business investment and a resurgent manufacturing sector are all evidence that the global economic downturn is behind us.

Jobs and growth are returning to our economy as we embrace innovation and continue building the best education system in the world.

Strategic investments in education and health care lay the foundation for a future with more jobs, increased productivity and a better quality of life for all our families.

Mr. Speaker, this *Budget* builds on our government's plan to return Ontario's finances to balance while protecting the gains we have made together.



More Jobs in a Stronger Economy

Our government believes that strong public services are essential to a strong economy.

Good schools and hospitals strengthen the economy by making our people more productive and our businesses more competitive.

In turn, a strong economy creates jobs and supports education and health care.

Ultimately, this results in a better quality of life.

And that, Mr. Speaker, is how we, as a government, measure progress.

That is why we have been working so diligently to build schools, hospitals and infrastructure.

Our job is to ensure that Ontario businesses have the tools they need to build opportunities.

Ontario's Tax Plan for Jobs and Growth is making businesses more competitive and is strengthening investment.

We cut the tax rate on new business investment in half, making Ontario a much more attractive place for businesses to invest and create jobs.

With our tax plan, a software publisher in Ontario will pay 58 per cent less in provincial corporate and sales taxes.

For a restaurant, it's 67 per cent less.

For a manufacturer, it's 89 per cent less.

This makes it easier to do business in Ontario.

Companies big and small are already responding by leading the country in new investments in equipment and technologies.

Investments by the private sector in buildings, machinery and equipment rose by 7.4 per cent in 2010.

At the same time, research by economist Michael Smart finds that about two-thirds of business savings from the Harmonized Sales Tax (HST) had been passed through to consumers within only six months after the HST was implemented.

Mr. Speaker, Ontario has significantly decreased costs for employers, and there is more to do to ensure we become even more competitive.

Jobs are coming back to Ontario.

So far, we have recovered 91 per cent of the jobs lost during the recession.

Statistics Canada tells us 84 per cent of those jobs are full time.

The United Kingdom has recovered less than 40 per cent of the jobs lost during the recession while the United States has recovered less than 15 per cent.

Economic Performance

Mr. Speaker, Ontario's plan for jobs and growth is working.

Gross domestic product (GDP) rose by an estimated 2.8 per cent in 2010 and all private-sector forecasters expect sustained growth.

The average private-sector forecast calls for Ontario economic growth of 2.6 per cent in 2011 and 2.8 per cent in 2012.

That means Ontario's economy is turning the corner.

To be prudent, our plans are based on growth assumptions below those of the private sector.

Therefore, we are projecting GDP growth of 2.4 per cent in 2011 and 2.7 per cent in 2012.

Fiscal Performance

In our first five years as a government, we worked with Ontarians to repair and rebuild the province's neglected schools, colleges and universities, hospitals, roads and bridges.

Our government also eliminated the \$5.5 billion deficit we inherited and delivered three balanced budgets in a row.

Mr. Speaker, we did what was necessary to put our province on a stronger competitive footing and create more opportunities for Ontarians.

As part of the global effort to stimulate the economy during the worst economic downturn since the Great Depression, our government, like those everywhere, ran a deficit.

We invested in infrastructure, created and protected hundreds of thousands of jobs, and took steps to make our economy more competitive.

Others would have slashed services essential to a growing economy.

We chose to protect education.

We chose to protect health care.

We chose to protect investments in infrastructure.

Others would have cut people loose.

We chose to invest in people.



Mr. Speaker, we choose to preserve and safeguard our quality of life.

We have modernized Ontario's tax system.

We have rebuilt Ontario's run-down electricity system.

We have kick-started our clean energy sector, protected our auto sector and introduced full-day kindergarten.

Mr. Speaker, even though those choices have come at a financial cost, they have also paid economic dividends for the people of Ontario.

Employment is up.

Manufacturing is up.

Business investment is up.

Mr. Speaker, let me give you one example.

Ontarians worked together to help their neighbours with jobs in the auto industry.

Together, we made emergency assistance of \$4.8 billion available to General Motors and Chrysler to protect the hundreds of thousands of jobs in a key driver of Ontario's economy — and of the Canadian economy.

As a result, auto production rose 40 per cent last year and continues to rise this year.

This, Mr. Speaker, is an example of the kinds of choices Ontarians have been making.

Choices to protect and create jobs.

Choices to protect our valued schools and hospitals.

Choices to protect our water and food supplies.

So, now, we are applying the same prudent, proven and responsible approach that saw us through the global recession to the challenge of the deficit.

Already, we have shown improvement from the deficit targets outlined for 2010–11 to 2012–13 in last year's *Budget*.

In fact, deficits over these three years are projected to be \$4.7 billion less than we projected last year.

This year's *Budget* is projecting a deficit of \$16.7 billion for 2010–11 — this is \$3 billion lower than projected last year.

For the people of Ontario, this means we are tackling the deficit challenge.

We will accelerate our plan to improve productivity and efficiency within the government and help reform the public sector over the longer term.

We will make government more streamlined and responsive to the needs of citizens.

Looking ahead, we know there continue to be risks on the horizon.

We have been talking about these risks for some time.

They include the high price of oil, the U.S. economy and the possibility that interest rates could rise sharply.

In recent weeks, the earthquake in Japan and political volatility in North Africa and the Middle East have created more uncertainty in the global recovery.

A strong Canadian dollar has posed a problem for our manufacturers and they are responding.

Ontario exporters are becoming more innovative and merchandise exports rose by 16 per cent last year — supported by an increase in total manufacturing sales of over 11 per cent in 2010.

Building a Better Tomorrow: The Best Approach

Opening Ontario to economic growth and jobs while protecting the progress Ontarians have made in their schools and health care requires a commitment to prudent fiscal management and balanced budgets.

Although the economy is recovering, we cannot simply rely on economic growth alone to eliminate the deficit.

Our government has a strong track record of fiscal prudence and discipline.

In addition to posting three balanced budgets, we have overachieved our budget targets in five of the last seven fiscal years.

The expenditure management measures introduced in the last *Budget* produced immediate dividends, with 2010–11 total expense projected to be \$3 billion lower than forecast a year ago.

This is the second year in a row that total expense has come in under projections.

We continue to look for ways to deliver services more efficiently and even more effectively for people.

The changes we have made add up to significant savings and service improvements.



This year's *Budget* outlines nearly \$1.5 billion in new savings over three years.

Mr. Speaker, we are choosing to fight the deficit while also protecting education and health care.

These two goals can be pursued at the same time.

Doing so requires balance and thoughtful choices.

This approach requires lower growth rates in other program expenses.

It will require us to re-examine the way programs and services are delivered to people.

There are other choices, Mr. Speaker.

Choices we reject.

Choices such as a reduction to the HST would require deep cuts to health care and education and would hurt Ontario families and undermine our competitiveness.

The choice could be made to slash benefits for our low-income people, let our infrastructure age and allow our universities and colleges to fall into disrepair.

Or lay off about 33,000 teachers.

Or reduce the number of doctors in Ontario by 12,000.

Or eliminate funding for 37,000 nurses.

Or cut funding for 80 per cent of all the beds in long-term care homes.

Any one of these choices would save about \$3 billion.

And, Mr. Speaker, \$3 billion is about the same as a one point cut in the HST.

But we reject those choices.

We know from past experience that across-the-board cuts do not work.

We choose, instead, what Ontarians would have us do: we choose to protect jobs, protect our vital public services and protect our economic recovery.

Reforming the Broader Public Sector

Mr. Speaker, just as people and families do, governments must live within their means.

To help protect education and health care while also eliminating the deficit, we know that the status quo is not an option.

We need to reform the way government delivers services to people.

We will build on our track record of reform.

The *2011 Budget* identifies several new initiatives to drive change and reform in public service delivery, including:

- instructing major agencies to deliver savings of \$200 million by 2013–14;
- reducing the size of the Ontario Public Service (OPS) by an additional 1,500 positions between April 2012 and March 2014. This comes on top of the reduction of about 3,400 positions by March 2012 that was announced in the *2009 Budget*;
- closing less efficient jails across Ontario and moving inmates to newer, more efficient jails to deliver better value to taxpayers and to keep our streets safer; and
- reducing funding for executive offices at hospitals and universities and other government agencies.

Mr. Speaker, we will explore new ways to export and create value from Ontario's excellence in delivering those public services that are recognized as being among the best in the world.

We will also look to determine whether the current ServiceOntario model delivers the best value and service to people.

In addition to these shorter-term initiatives, the government will establish the Commission on the Reform of Ontario's Public Services, chaired by Don Drummond. The commission will advise on more fundamental reforms: changes that will help protect health care and education over the long term, while accelerating the elimination of the deficit.

Mr. Speaker, in my pre-budget consultations this year, I participated in telephone town halls — directly reaching out to more than 120,000 people across the province.

I heard from moms and dads who want to know their kids have a bright future.

I heard from working people who want to know that jobs are being created — good, high-paying jobs.

Seniors told me they have worked to ensure a better tomorrow for themselves and for their children.

They want to make sure their savings are there for them when tomorrow becomes today.

People told me they want the governments they elect to give them the tools they need to prosper.

People told me they want the governments they elect to continue to improve the way they do business.

To reform the way they do things — essentially, to make government work even better.

Mr. Speaker, governments are elected to serve the needs of the people they are privileged to represent.

We — as a government — are motivated by the trust the people of Ontario have placed in us.

We are driven by our obligation and responsibility to deliver.

Strategic Investments for a Better Future

To build a better future, we must invest in each other — in people and in partnerships.

The McGuinty government will continue to partner with business to create the right conditions for jobs and growth.

Over the next several weeks, Ontario and several private-sector partners will be announcing new investments of over \$1.3 billion, including nearly \$175 million from the Province, creating more than 2,100 jobs and retaining a further 7,800 jobs right here in Ontario.

We are also taking steps to protect jobs on our farms.

Now, more than ever, Ontario needs a strong farming sector.

Volatility in commodity markets can make it difficult for farmers to manage their business risks.

Mr. Speaker, I am pleased to announce the extension of the current Risk Management Program for grain and oilseed farmers.

The government will also implement new risk management programs for the cattle, hog, sheep and veal sectors. We will also implement a Self-Directed Risk Management Program for the edible horticulture sector.

The cost of these programs will be shared between the Ontario government and farmers.



These programs are innovative.

They provide bankability, stability and predictability for Ontario farmers.

Mr. Speaker, the McGuinty government will continue to invest in people and job creation.

Just as we modernized Ontario's tax system to help our businesses compete in the global economy, we cut personal income taxes and introduced a wide variety of tax credits and benefits that give money back to people.

With the changes we have made, people, on average, have more money in their pockets.

In fact, more than two-thirds of households — those with incomes of \$90,000 or less — have more money in their pockets.

With the changes we have made, 86 per cent of senior households have more money in their pockets.

Mr. Speaker, together we are building a stronger Ontario.

An Ontario that cares for its people and its families.

An Ontario that helps businesses expand and create jobs.

An Ontario that is alive with opportunity for all who live here and are proud to call this province home.

Additional Postsecondary Spaces

We are also helping Ontarians get further ahead through ongoing investments in postsecondary education.

Experts tell us that 70 per cent of future jobs will require workers with a postsecondary education.

So we want our workers to be the smartest, most capable and creative workers, anywhere.

We want them to create the innovative products and services the world wants to buy.

Ontario has a higher postsecondary education attainment rate than any Organisation for Economic Co-operation and Development (OECD) country.

We are boosting our attainment rate to 70 per cent. It was only 56 per cent in 2002.

No keen and qualified Ontario student will be turned away for lack of space on our part or lack of money on his or her part.

Mr. Speaker, there will be room and support.

That is why the *2011 Budget* announces additional funding that will help create places for more than 60,000 additional college and university students by 2015–16.

Through one of the most generous student financial support programs in the country, we are also helping to keep education affordable.



Full-Day Kindergarten

Mr. Speaker, we've known for a long time that a strong start in school makes for a strong finish.

A strong start means our kids are more likely to finish high school and go on to college, university or an apprenticeship; more likely to get a good job; and more likely to enjoy a good standard of living and contribute to a stronger Ontario.

That is why we chose to introduce full-day kindergarten last September.

It is the first program of its kind in North America.

This school year, full-day kindergarten is available in nearly 600 schools for up to 35,000 Ontario children.

In September 2011, it will be available in an additional 200 schools, benefiting up to 50,000 children.

The program will be fully in place in September 2014, benefiting about 247,000 children.

Full-day kindergarten helps moms and dads too — saving them both time and money and making their own work days easier and more productive.

Mr. Speaker, our government has chosen to strengthen our publicly funded education system — from kindergarten to graduate school — because we believe building education is more than sound social policy.

It is essential economic policy.

We will continue to protect our public education system.

Better Health Care

To compete with the best in the world and win, we also need a healthy workforce.

A strong, public health care system gives our workers and our businesses a real competitive advantage, which is why we chose to strengthen it.

We have built 13 new hospitals and five more are under construction.

We have added over 10,000 more nurses.

And we have added nearly 2,900 more doctors.

We have gone from zero to 200 Family Health Teams, serving three million patients.

In another first for Canada, we now have nurse practitioner-led clinics.

Today, 94 per cent of all Ontarians have a family doctor.

That is 1.2 million more people than in 2003.

And hospital wait times are coming down. Ontario has the shortest wait times in Canada.

Together with Ontarians, we have chosen to build a strong public health care system that helps care for our families, improves our quality of life and increases our competitiveness.

We choose to keep protecting and improving our quality of life.

That is why the *2011 Budget* announces additional funding of \$15 million over three years to provide 90,000 more breast cancer screening exams, expanding current screening to reach more women who are at high risk.



Mr. Speaker, mental health and addiction problems affect people during many stages of life.

One out of five Ontarians will experience some form of mental illness.

It touches all of our families.

We will do more to help.

We are introducing a comprehensive Mental Health and Addictions Strategy.

At the outset, our focus will be on children and youth.

By 2013–14, funding to support the strategy will grow to \$93 million per year.

Mr. Speaker, as our population grows and ages, it is important that we continue to build strong health care services.

Beginning in April, more pharmacy services and support will be available to people covered under the Ontario Drug Benefit Program, including seniors.

That means more people will get the hands-on support and followup help they need.

And, Mr. Speaker, we know that Ontarians want their federal and provincial governments to work together to improve health care.

They want us to focus relentlessly on improvements to our publicly funded health care system.

And they want us to ensure that Ottawa pays its share of our most important national program.

That is what Ontarians accomplished together when the last deal was signed in 2004.

So we will continue to ensure Ontario is treated fairly when the Health Accord comes up for renewal.

Conclusion

Mr. Speaker, the choices that we have made to build a stronger economy and protect our vital services have been guided by the facts.

The fact is, our economy is growing.

The fact is, businesses are investing and creating jobs.

The fact is, more and more people who lost their jobs during the recession are now finding work.

Ontario is turning the corner to a better tomorrow.

Our plan to help Ontarians through the recession and build for the future is working.

Those are the facts.

Now, we need to face another fact confronting all governments — the reality of slower global economic growth and a deficit.

We need to move forward by making the same kinds of prudent, balanced choices we have made in the past.

So I am introducing a budget that supports job creation.

It will continue the necessary work we have already undertaken to eliminate the deficit.

At the same time, we are choosing to protect education.

We are choosing to protect our children's schools and make room for all our four- and five-year-olds in full-day kindergarten.

We will protect our economy and our workers by making room for the growing number of young Ontarians who are choosing a postsecondary education.

We will continue to build a strong health care system for our seniors and young people.

We will continue to make the same kinds of choices Ontarians are making for themselves.

We will continue tackling the deficit while we protect the services that people rely on.

Mr. Speaker, Ontario is turning the corner and we will continue to build a stronger Ontario.

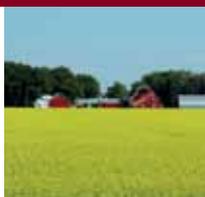
I am proud of those choices and proud of our plan.

I know I speak for all my colleagues when I say we are more passionate about building that future today than we have ever been.

We are delivering a plan that leads to real progress — not progress for its own sake.

Progress with a purpose — a better tomorrow and a great future for our children and our grandchildren.

Thank you, Mr. Speaker.



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