



OPEN ONTARIO

Ontario's Plan for Jobs and Growth

2010 ONTARIO BUDGET

Budget Speech

The Honourable Dwight Duncan
Minister of Finance



Ontario

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Check Against Delivery

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Mr. Speaker, I rise to present Ontario's *2010 Budget*.

For the better part of the last two years, the global economy has been mired in deep recession.

The Ontario economy, like most others, has felt the effects of both a global recession and the transformation of key sectors, especially manufacturing and forestry.

Some early signs of the recovery have arrived. However, the job losses that have hurt Ontario families remain and this government continues to take action.

Working together, we must continue to create jobs in the short term and begin to lay the foundation for a new prosperity.



Open Ontario: A Plan for Jobs and Growth

Ontario's Speech from the Throne established a five-year plan to Open Ontario to new jobs and economic growth.

The Open Ontario plan will create an Ontario even more open to new ideas, new people, new investment and new jobs.

This *Budget* begins to chart a course to a stronger economic future for the people of Ontario.

Mr. Speaker, when the recession hit, Ontarians had to cope with sudden, unexpected job losses that devastated individuals, families and communities.

We are responding with an aggressive job-creation plan.

We are investing \$32 billion in job-creating stimulus. According to the Conference Board of Canada, our investment is supporting over 220,000 jobs this year — and it added nearly a full point to Ontario's gross domestic product (GDP) last year.

We are also responding with an aggressive training plan.

Many Ontarians need to retrain and learn new skill sets in order to find work and get back on their feet.

The Kitchener-Waterloo region is a beacon of the new economy, with leading-edge universities, colleges and businesses. Today, more than 2,000 jobs remain unfilled in the Technology Triangle. Yet, the region has a 10.1 per cent unemployment rate.

This speaks to the importance of skills training and upgrading as part of our jobs strategy.

That's why we have improved the job training services we provide through Employment Ontario. Over one million Ontarians were able to take advantage of skills training, rapid re-employment, summer jobs and bridge training last year.

We created a program — the first of its kind in Canada — to help laid-off workers train for a new career.

We called it Second Career and over 27,000 people have enrolled.

Mr. Speaker, today we are announcing that an additional 30,000 workers will be participating. This will bring the total number of participants to nearly 60,000 since Second Career began.

Starting a new career takes courage and all Ontarians deserve credit for helping their neighbours make this move.

Mr. Speaker, the Open Ontario plan will create even more new opportunities for Ontarians and their children.

We've already laid out some aspects of our plan with two important initiatives: tax modernization and clean energy.

As the economy recovers, the McGuinty government is creating an environment for jobs and growth.

Our Tax Plan for Jobs and Growth is the most significant tax reform in a generation. It is designed to create jobs and open Ontario to new investment and growth.



Personal income taxes were reduced on January 1 of this year.

On July 1, we're reducing corporate income taxes, eliminating the capital tax and moving ahead with the Harmonized Sales Tax (HST), the single most important step we can take to create jobs.

Major corporations like Bell Canada, Telus and General Electric have said that, due to our comprehensive tax reforms, they will be making significant investments in Ontario.

On July 1, our small business tax rate will be reduced to 4.5 per cent and the small business surtax eliminated. This will be a powerful incentive for those who create the most jobs in our economy.

Leading economist and independent expert Jack Mintz estimates that within 10 years our tax plan will help lead to:

- ✓ the creation of nearly 600,000 new jobs;
- ✓ an increase in capital investment of \$47 billion; and
- ✓ an increase in household income of up to 8.8 per cent.

That's good news for all Ontarians.

Mr. Speaker, clean energy will be a significant source of employment in the very near future. Our plan is helping to create 50,000 new Ontario jobs over three years.

Al Gore calls our plan "the single best green energy program on the North American continent."

Samsung's partnership with Ontario to produce clean energy from the wind and the sun is just the beginning. This venture alone will create some 16,000 Ontario jobs.

Mr. Speaker, as part of its Open Ontario plan, the government will introduce a new Water Opportunities Act.

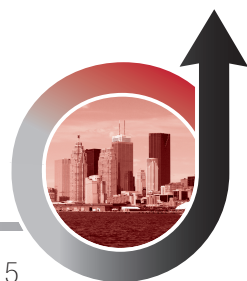
The clean-water sector already employs some 22,000 people in good, well-paid Ontario jobs selling Ontario-made water technologies and services around the world.

Ontario is well placed to become a global leader in this industry. Our proposed legislation will help create more jobs here at home.

Mr. Speaker, our Open Ontario plan is about creating new opportunities and growth for our province.

For example, we are examining whether there is unrealized value in our government businesses that could be unleashed to provide new jobs and opportunities for Ontario families.

In the coming months, we will be talking to Ontarians about how we might proceed.



Open Ontario Plan for Education

Mr. Speaker, education is this government's highest priority. The Open Ontario plan will build a stronger economy by expanding opportunities in our schools, colleges, universities and trades.

Since 2003, we have reduced class sizes, raised test scores, increased the high school graduation rate and created thousands of new spaces in colleges, universities and apprenticeships.

Our Open Ontario plan will make us the first government in North America to implement a full-day learning program for four- and five-year-olds.

This innovative education program will begin in September for up to 35,000 kids in nearly 600 schools.

Ontarians are some of the most highly skilled and educated workers in the world. This is our great competitive advantage.

Today, 62 per cent of Ontarians have postsecondary education or training and about 70 per cent of the jobs of the future will require it.

Open Ontario's goal is to raise Ontario's postsecondary attainment rate to 70 per cent. As a first step, this *Budget* will provide \$310 million in new funding for 20,000 new spaces in colleges and universities this year.

Every qualified Ontarian who wants to go to college or university will find a place.

Tens of millions of families around the globe want what Ontario offers — a quality postsecondary education that leads to a good job and a secure future.

We will aggressively promote Ontario's postsecondary schools abroad and increase international enrolment by 50 per cent while guaranteeing spaces for qualified Ontario students.

Their contributions will strengthen our schools and create more Ontario jobs.



Open Ontario Northern Strategy

Mr. Speaker, families and communities in the north have been hard hit by the global recession, so we are ensuring that the north benefits from the Open Ontario plan.

Under our plan, northern Ontario will see more jobs and more economic activity.

We've already seen tremendous success in the region with Ontario's first diamond mine opened by De Beers in 2008.

And there are many more new opportunities to be found in the north — particularly in the region known as the Ring of Fire.

For the 21st century, the discovery of chromite in the Ring of Fire could be as big as the discovery of nickel was in Sudbury in the 19th century.

We are fully committed to working with Aboriginal Peoples and northern Ontarians to build on the Ring of Fire's potential.

This *Budget* provides funding support for skills training programs to help northern Ontarians be ready for new jobs in this growing sector.

We will appoint a Ring of Fire Coordinator to lead our collective efforts to make the possibilities of this exciting development a reality for all northerners.

Together, we will create Ontario jobs and support families in the north, while protecting the northern boreal-forest region.

Mr. Speaker, because northern families spend more to heat their homes, we propose a permanent Northern Ontario Energy Credit that will help 50 per cent of northern individuals and families.

The credit would provide up to \$130 annually to single people and up to \$200 to families in the north to help with the higher energy costs they face.

This program is in addition to the sales and property tax credits already available to all Ontarians.

The *2010 Budget* also announces our intention to create a three-year industrial electricity program averaging \$150 million per year. It would target some of the industries hardest hit by the recession.

The program would reduce industrial electricity prices by almost 25 per cent based on 2009 levels. The rebates would help qualifying large northern industrial facilities achieve electricity efficiency and sustainability. It would also help protect and create jobs.



Federal Partnership

The federal government presented its budget a few weeks ago.

We were pleased to see that the Canada Health and Social Transfers have been extended for another year, though at the same time we are very concerned about the expiration of federal skills training dollars and child care funding.

The federal government had previously provided Ontario with \$1 billion in funding for programs like transit, wait times and housing. That federal funding is ending.

The federal funding for child care is also ending.

Mr. Speaker, I urge all Ontarians who care passionately about this issue to join us in the fight for better child care.

I am pleased to announce that the McGuinty government is stepping in and continuing to fund the child care spaces abandoned by the federal government.

Our investment will equal \$63.5 million a year.

All told, this support will help 1,000 child care workers keep their jobs. It will help about 8,500 Ontario children stay in care — a crucial investment that will help keep Ontario families working.

Responsible Government: The Fiscal Plan

Mr. Speaker, when the world economy fell into recession, a variety of organizations, including the International Monetary Fund (IMF), recommended that governments around the world spend up to two per cent of their GDP to fund job-creating stimulus plans.

Like most western governments, Ontario responded with a rigorous jobs plan that economists are saying is helping families, helping communities and creating jobs.

As I said in the fall, our government will reduce the size of the deficit every year.

As economies return to growth, governments must return to balanced budgets — and our government will.

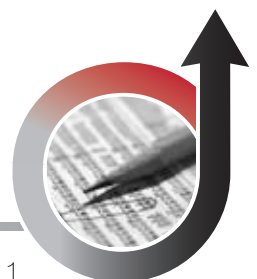
For the year just ending, we forecast a deficit of \$21.3 billion — a notable improvement since I last reported to Ontarians in the fall.

Our planning assumptions for economic growth, which are based on private-sector forecasts, are 2.7 per cent GDP growth this year, moving to 3.3 per cent in 2011.

In 2011–12, the deficit will drop to \$17.3 billion, and then fall to \$15.9 billion in 2012–13.

We will cut the current deficit in half in five years and eliminate it in eight years.

Our path to recovery is realistic and responsible, and above all else, it is fair.



Reducing the deficit is about a sustainable future for our children and ensuring that our tax dollars are spent wisely on the priorities that are important to Ontarians.

A significant risk for Ontario and other governments is the possibility — some would argue the probability — of rising interest rates.

Every one per cent increase in interest rates would cost Ontario an additional half billion dollars per annum.

Every additional dollar that goes to interest payments is one less dollar for priority areas such as education or health care.

Mr. Speaker, about 55 per cent of Ontario's total program spending goes towards wages and benefits in the public and broader public sectors.

Our plan for protecting public services like schools and hospitals must acknowledge this reality.

About 1.2 million people are employed in the broader public sector (BPS) in Ontario.

Those who work in the BPS, including employees in the Ontario Public Service (OPS), have accomplished a great deal over the past six years. Ontarians value and appreciate the contributions of those who deliver their public services, and they also expect those who are paid by tax dollars to do their part to help sustain public services.

Public servants make a valuable contribution to the health and well-being of this province. They are an important part of our well-educated workforce.

That is why we will not propose mandatory days off.

That is why we will honour existing collective agreements.

Still, we must take significant steps to control expenses in one of our largest spending lines so that we can protect public services like education and health care.

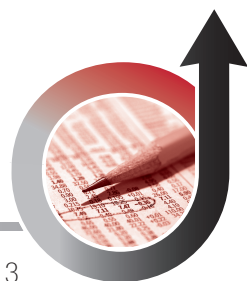
Members of Provincial Parliament would lead by example and take a three-year salary freeze, extending our current freeze for two more years.

In addition, the government will introduce legislation that would freeze the compensation structures of non-bargained political and Legislative Assembly staff for two years.

The legislation would also freeze compensation structures for all non-bargained employees in the BPS and OPS for two years.

For those represented by bargaining agents, we will respect all collective agreements.

However, the fiscal plan provides no funding for incremental compensation increases for any future collective agreements.



As contracts are renegotiated, the government will work with transfer partners and bargaining agents to seek agreements of at least two years' duration. These agreements should help manage spending pressures, protect public services that Ontarians rely on and provide no net increase in compensation.

All of us who are paid with public tax dollars have a role to play here. We're all in this together.

We expect our transfer partners to bargain responsibly so that, together, we can all do our part to protect schools and hospitals.

By next year, this legislation would redirect up to \$750 million towards sustaining schools and hospitals and other public services.

Mr. Speaker, controlling compensation is but one important step in our plan to manage responsibly.

As you know, Ontarians are committed to a strong public health care system.

Today we face new challenges and must redouble our efforts.

Just 20 years ago, 32 cents of every dollar spent on government programs were spent on health care.

Today, it is 46 cents. In 12 years, if we don't take action, it could be 70 cents.

So, the question now facing us is: "How do we fund the best health care without compromising our investments in schools, helping the vulnerable or protecting the environment?"

This year, the McGuinty government will launch a plan to manage drug costs for Ontarians.

Currently, Ontarians pay too much for generic drugs. That is why we are planning to reduce the cost of generic drugs to ensure that Ontarians have affordable access to the prescription drugs they need.

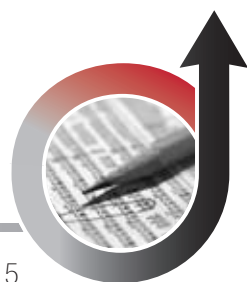
We also plan to introduce legislation that would make health care professionals and executives more accountable for improving patient care.

We will review the *Public Hospitals Act* and ensure that the hospital system taps into the expertise of community partners and health professionals.

Across government, we will ensure that we manage responsibly and direct investments to those things most important to Ontario families.

Once our stimulus-related infrastructure projects near completion, we will slow the pace of planning and construction of some of the government's capital projects.

Managing responsibly and in a balanced way is our record. This year and in the years ahead, our task is to keep growth in expenditures below growth in revenues.



Our efforts to manage responsibly have delivered results:

- ✓ OPS travel costs have decreased by 26 per cent so far this year;
- ✓ we froze MPP salaries;
- ✓ we reduced OPS senior executive performance pay; and
- ✓ with the introduction of the HST, we will reduce the number of full-time OPS employees by 1,253 — saving \$100 million a year.

Since 2003, Ontario has been one of the most efficient providers of programs and services among provincial governments.

In 2008–09, Ontario general per-capita government spending was the second lowest among the provinces. This year, and going forward, we plan to freeze program administration spending so that Ontario remains one of the most efficient governments in the country.

Building on our previous expenditure management measures and the recent work of the Treasury Board Working Group, we will continue with a comprehensive review of all government programs and services.

The comprehensive review will be overseen by the Treasury Board and will ensure that the government's resources are focused on delivering the programs and services that support:

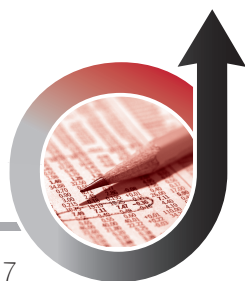
- ✓ jobs and economic growth;
- ✓ access to high-quality health care and education; and
- ✓ clean and strong communities, including effective supports for our most vulnerable.

The goal of the review is to move resources from low-priority areas to high-priority areas and to move forward with the Open Ontario plan.

In addition to improving efficiencies, we will also improve access. For example, we provide a wide range of benefit programs to help Ontarians. There are many ways to access these programs and no central hub or source for information.

Our plan is to improve and simplify access to those programs to make it easier for people to find them and more cost effective for us to administer them.

Mr. Speaker, our plan to manage expenses responsibly is fair and balanced. It's the right thing to do for the public services Ontarians rely on most.



Conclusion

Mr. Speaker, when the recession began, we took action and now that the recovery is on the horizon, we will not rest.

When we came to office in 2003, Ontario faced a deficit, struggling public services, crumbling infrastructure — and no plan for the future.

Our government put a plan in place and took action.

We rebuilt schools and hospitals. We invested in colleges and universities. We built new roads, bridges, transit and water treatment plants.

We supported a greener Ontario, brought in the Ontario Child Benefit and raised the minimum wage to make this province a better place to live for all Ontarians.

Our prudent planning has allowed us to invest in people while balancing budgets, paying down debt and cutting business taxes.

Mr. Speaker, when the global crisis hit, we took action.

We invested in a stimulus plan to protect and create jobs and reformed our tax system to create hundreds of thousands of jobs in the long term.

Now, through the Open Ontario plan, we continue to take action.

Today, I've announced a plan to take action on postsecondary education and a plan to help the north.

We are taking action to eliminate the deficit so that we can ensure the sustainability of the public services we all value.

As always, our plan is fair.

Our plan is balanced.

Our plan is focused on the priorities Ontarians share.

And those priorities include taking steps today to build a strong Ontario for tomorrow.

We are opening Ontario's doors — to trade, to students, to global opportunities.

We have what it takes to be the best.

Our Open Ontario plan will help us get there.

We can do it, we will do it, together.

Thank you, Mr. Speaker.





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