



# A PROSPEROUS & FAIR ONTARIO



*Budget Speech*

*The Honourable*  
**CHARLES SOUSA**  
*Minister of Finance*

**2013**  
**ONTARIO BUDGET**





Ontario

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*Check Against Delivery*

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## Introduction

Mr. Speaker, I rise to present the *2013 Budget*.

And it is, in every sense, Ontario's *Budget*.

It is a *Budget* that reflects the priorities of people across Ontario ...

That speaks to their values ...

And that includes the input from hundreds of thousands of people all across the province.

This *Budget* also speaks to the priorities and values of our new government ...

And of Ontario's new Premier.

Representing the best interests of this province ...

Listening to people's ideas and acting on their concerns has characterized Premier Wynne's leadership.

This approach defines our government ...

And forms the basis for this *Budget* ...

A *Budget* that lays out our plan for A Prosperous and Fair Ontario.

It is based on our government's firm belief that we must take a balanced approach ...

That we must build our economy and prepare our workforce for the future, by supporting one another today.



Mr. Speaker, before I lay out that plan, let me say this:

Standing in this legislature is a true honour for me, particularly today.

But I am certain that every member of this house feels the same way ...

Privileged to serve ...

Humbled by the work ...

And despite the give and take of this place ... I know I speak for all my colleagues on both sides of this house when I say there is no greater honour than to serve the people of Ontario.

I thank them for this opportunity.

Looking at our province, we see that Ontario remains a great place to live and work ...

Thanks to the efforts of men and women across Ontario.

During the recession — the worst global economic downturn in 80 years — people worked hard ...

They worked hard to protect our schools and hospitals, protect and create more jobs, and to invest in modern infrastructure.

They worked hard to help Ontario recover ...

And we're recovering.

Today, Ontario enjoys strong economic fundamentals.

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We have a highly educated and diverse workforce to support greater prosperity.

Our tax reforms have helped turn Ontario into one of the most investment-friendly places in North America to do business.

We must continue to build our strong, prosperous economy ...

While protecting the high-quality public services that people expect and deserve.

People also expect the cost of these services to be sustainable and affordable.

They don't want to see excessive debt levels ...

They want to see their government take a long-term view ...

That is why our government is absolutely committed to eliminating the deficit by 2017–18 ...

And then reducing the net debt-to-GDP ratio to the pre-recession level of 27 per cent.

We're taking a balanced approach to eliminating the deficit.

We reject across-the-board cuts that threaten our priorities in health care, education and job creation.

Right now, we also cannot afford further reductions in Ontario's low corporate taxes that would make it harder to eliminate the deficit.



And above all, we reject uncontrolled growth in program spending ...

Because that would increase debt and interest costs that would take resources away from key priorities.

We will not shift the burden of debt to future generations, nor will we ignore the responsibilities we face today.

This allows us to make smart investments for Ontario's long-term prosperity, while remaining steadfast in our efforts to eliminate the deficit.

## Ontario's Plan for Jobs and Growth

Mr. Speaker, job creation is an important measure of a healthy economy.

When an economy is growing steadily ...

Jobs are being created.

The government's role in job creation is to convene people ...

Educators, labour, the not-for-profit sector and business ...

To work together towards common goals.

To encourage the right environment for businesses and for people to succeed.

They, in turn, will take risks, make investments, create jobs and drive innovation.

This approach is helping Ontario's economic recovery.

Since the depths of the global recession, Ontario has created 400,000 net new jobs.

Our balanced approach to eliminating the deficit is working.

In fact, by beating our fiscal targets, we can continue to invest in the things that matter most to people every day.

Ontario's deficit for 2012–13 is now estimated to be \$9.8 billion — a \$5 billion improvement compared with the 2012 Budget forecast.

Some of this progress comes from being disciplined.



It also comes from a lot of hard work ...

16 out of 25 ministries are delivering quality public services while spending less than they were allocated last year.

This is the fourth year in a row that Ontario has reported a lower deficit than forecast ...

The only government in Canada to achieve this level of success.

It also marks the second year in a row that the rate of growth in program spending is projected to be less than one per cent.

In the years to come, controlling spending growth will take the same, ongoing effort.

As a government, we are acknowledging and facing ...

Challenges that are under our control, like spending ...

And economic challenges that are not under our control, like changes in the global economy.

Forecasts for global economic growth have weakened.

European economies are in recession and growth of emerging-market economies has slowed.

Ontario still relies heavily on the U.S. economy as a major export market ...

And we're facing serious challenges when competing globally.

Advantages we had here in Ontario, not that long ago, have changed.

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During the 1990s, for example, we enjoyed a low Canadian dollar ...

Cheap oil ...

And access to strong markets in the United States.

Today, the dollar is close to parity ...

The price of oil is high and U.S. economic growth remains modest.

In the face of new challenges we will find new advantages.

Our government's economic renewal plan for jobs will help Ontario face these challenges and stimulate growth.

So here's what we will do:

**One:** we will maintain Ontario's competitive business climate by keeping taxes at a low level.

We will extend the accelerated capital cost allowance for machinery and equipment — providing assistance to manufacturers of \$265 million over three years.

We will provide small businesses with greater relief from the Employer Health Tax ...

By proposing to increase the amount of annual payroll that is exempt from the tax.

The cost of this tax break for small business would be paid for by eliminating that same exemption altogether for larger corporations.



**Two:** we will continue to make investments in modern infrastructure.

Because we know that growth in Ontario's economy is supported by the movement of goods and people.

That's why Ontario's *Budget* provides more than \$35 billion in infrastructure investments over the next three years ...

Including a new, dedicated fund to help small, rural and Northern municipalities address roads, bridges and other critical infrastructure.

The Province will consult on the components of a permanent program for next year's *Budget*.

For years, Ontario has been transferring two cents per litre of the gas tax to our municipal partners ...

To help with the expense of public transit.

These partners have asked us to make this funding permanent.

This *Budget* proposes doing just that — to provide stability and certainty for transit solutions.

We must address gridlock as well.

Every minute a worker spends stuck in traffic is a minute of lost productivity.

Every idle transport truck on a highway is an opportunity for a competitor to find an advantage.

Facing this challenge requires sound public policy ...

And sufficient public investment.

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That's why our government will consider a range of new revenue tools to support the expansion of transportation and public transit in the Greater Toronto and Hamilton Area.

We will take action following the release of the Metrolinx investment strategy ...

To implement revenue tools that will provide the means to ease gridlock.

This will prevent the addition of further pressure on our property taxes.

As an example of the changes required, Mr. Speaker, we will turn select high-occupancy vehicle lanes into high-occupancy toll lanes.

Toll-free options would continue to exist on all the highways that have these lanes.

We will set out our plan and consult on the design before moving quickly to introduce this measure.

**Three:** we will invest in the skills and education of our workforce, particularly when it comes to our young people.

Ontario's *Budget* proposes a comprehensive Youth Jobs Strategy that invests \$295 million over two years.

The strategy would generate job opportunities for about 30,000 young people.

We will engage with youth and young professionals to ensure they get the right training ...



The right job opportunities and have the tools they need to succeed.

**Four:** we will strengthen the ability of Ontario's entrepreneurs to transform ideas into goods and services for global markets.

We will continue to invest in arts and culture, including \$45 million over three years to help support jobs in the music industry.

This fund will help the industry create jobs as Ontario becomes a leading place to record and perform.

**Five:** we will work with business to expand global market access for goods and services.

We must leverage our relationships around the globe to help Ontario businesses seek out new markets for new opportunities.

So we are working with the federal government to expand trade agreements and we are helping exporters with over 60 trade missions to new markets over the next year.

**And six:** we will help to ensure that all Ontario communities and regional economies benefit from new opportunities.

The Aboriginal Loan Guarantee Program continues to support economic development, helping communities make investments to create jobs.

The measures outlined in Ontario's *Budget* will help existing industries across all sectors expand ...

From automotive to agriculture.

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The government will continue to assert Ontario's pride in manufacturing, financial services, tourism, forestry and natural resource development.

Ontario's agri-food industry is one of the biggest drivers of our economy, contributing \$34 billion to our gross domestic product (GDP) and supporting more than 700,000 jobs across the province.

The food processing sector alone boasts almost 3,000 manufacturing businesses, providing job opportunities across the province.

Ontario's *Budget* will help these industries expand and enable new ideas to get off the ground.

Small business start-ups and social entrepreneurs will be given the tools they need to take their ideas from the drawing board to global markets.

Ontario's *Budget* will make it easier for young people to find jobs ...

And allow people across this province to travel more quickly and more safely.



## A Fair Society

I have spoken about what we will do to help create a more prosperous Ontario.

Now, I will speak about what we will do to help build a more fair society.

These two issues are closely linked.

When our government speaks about a fair society, I want to be clear about what that means in the context of our economy.

It means ensuring that everyone has the opportunity to find a job ...

Because Ontario's economy is stronger when everyone has the opportunity to be gainfully employed ...

To participate in the life of their communities ...

And to contribute to the prosperity of our province.

It also means they have access to important public services.

Ontario is transforming health care services so that more people will quickly receive the care they need, where they need it.

In the *2012 Budget*, we committed to increasing investment in home and community care by an average of four per cent per year.

Ontario's *2013 Budget* proposes that we go farther — it would add an additional one per cent per year — for a total increase of over \$700 million by 2015–16 compared to 2012–13.

Across Ontario, people need help getting to their medical appointments ...

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They rely on mental health and addiction services in their communities ...

And they have complex medical needs that require nursing visits in their homes.

Ontario's *Budget* would help ensure people get the care they need in their communities and in their homes.

We are also dedicated to improving health services for small, rural and Northern communities ...

For Aboriginal people, seniors and people living with mental health and addiction challenges, through the Health Action Plan ...

Because we all deserve the same great care, no matter where we live.

At the same time, our government has been making investments in young people ...

To ensure they are prepared for both the challenges and opportunities ahead.

Ontario is teaching its young about teamwork and critical thinking ...

It is building a workforce that is creative and entrepreneurial.

This support starts in full-day kindergarten ...

Through smaller class sizes in the early years ...

To improved graduation rates in high school ...



And through programs such as the 30% Off Ontario Tuition grant and the new tuition-fee framework.

The Province must continue to provide world-class education, adding to the many opportunities we have created together.

Ontario is not well served when people face barriers to employment.

That's why Ontario's *Budget* would see us reduce barriers to employment for people who receive social assistance.

I want to thank Frances Lankin and Munir Sheikh for their excellent advice and insight.

As a result of their work, the government proposes to create a \$200 monthly earnings exemption for people who receive support from Ontario Works and the Ontario Disability Support Program ...

Because people deserve to keep more of the money they earn through their hard work.

We are proposing to increase social assistance rates by one per cent ...

And to improve benefit levels of Ontario Works singles without children with an additional top-up.

This is the group of social assistance recipients that experiences the lowest incomes.

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Finally, the *Budget* would increase cash and other liquid-asset limits for people who receive Ontario Works so they have more financial security.

Mr. Speaker, these changes are far-reaching and fundamental.

Above all, they are fair.

Without this reform, some people risk falling farther and farther behind ...

While, at the same time, becoming less likely to seek work, because the current system takes back some of the gains of employment.

Ontario's *Budget* would put an end to that.

We also recognize that high auto insurance rates are putting pressure on families.

The cost is hard on people's wallets but it also presents a drag on our economy.

We will move to remedy that by proposing a 15 per cent — on average — cut in auto insurance rates.

As well, in the *2011 Budget*, our government introduced the Ontario Trillium Benefit, to assist low- to moderate-income families.

In our consultations we heard that some would like to choose between monthly payments or one annual payment.



Mr. Speaker, Ontario's *Budget* offers this choice.

A fair society recognizes that improved economic opportunities will ensure Aboriginal people can work and thrive.

A new fund will offer support for housing needs to all low-income people in First Nation communities ...

And we will be providing an additional \$5 million to the First Nation, Metis and Inuit Education Policy Framework.

A fair society protects those who are vulnerable, regardless of their income.

The government remains committed to helping those with developmental disabilities.

We will invest in reducing waitlists, helping families in urgent need.

A fair society provides justice for all.

That is why we are committing additional support to Legal Aid Ontario, which will help low-income families, victims of domestic violence and others.

Part of ensuring a fair society is the security and safety of our citizens.

We are indebted to the men and women of our police services, who have dedicated their lives to protecting our families and communities.

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That's why we will continue supporting our police with permanent annual funding for the Provincial Anti-Violence Intervention Strategy.

Ontario will also continue uploading the cost of social services from municipalities ...

Because it is the right and fair thing to do.

Finally, Mr. Speaker, we must work with our provincial partners to secure fair transfer arrangements from the federal government.

Fiscal transfers that would ensure that the people of Ontario are getting their fair share.



## The Path to Balance

Mr. Speaker, let me make it clear: our government believes eliminating the deficit is the single most important step we can take to grow the economy and create jobs.

Eliminating the deficit makes resources available for strategic investments that will boost economic growth that leads to job creation.

As a result of our focus to balance the budget, the deficit projection for 2013–14 is \$11.7 billion ...

An improvement of more than \$1 billion from what was projected in last year's *Budget*.

This would be the fifth year in a row that Ontario's deficit projection would be lower than the original forecast.

Program spending in 2013–14 is being held to the same level as projected in the *2012 Budget*.

This shows our plan is working.

Yet, there is more to do.

I'm pleased to say Ontario is beating its fiscal targets, due in part to the transformation of how we deliver public services.

Over the last year, we began moving forward with about half of the 362 recommendations made by the Commission on the Reform of Ontario's Public Services.

This year, we will continue to move forward with a total of 60 per cent of the recommendations.

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We are also working to find savings in business support programs and refundable tax credits, as recommended by the Jobs and Prosperity Council.

The changes we put in place in 2009 have made Ontario's tax system very competitive.

Those changes will result in about \$8.5 billion in annual tax relief for businesses.

At the same time, the cost of Ontario's business tax credits is growing at a level that cannot be sustained.

So, we will receive advice within the next six months that will provide insight into the future of these programs ...

To ensure they are producing effective results that promote productivity and create jobs.

We are also working closely with the federal government to close tax loopholes and to combat the underground economy.

Taxpayers want a government that is accountable and delivering value.

These initiatives are part of the larger, ongoing transformation of delivering public services more effectively.

Mr. Speaker, we're focused on doing what is right ...

And fair ...

To ensure everyone is paying their fair share to protect public services and eliminate Ontario's deficit.

## Conclusion

Mr. Speaker, Ontario has many strengths.

In fact, we have over 13 million of them.

Because Ontario's strength is its people.

Their diversity ...

Their skills and knowledge ...

And their hard work.

And that's why, in the face of so many global economic challenges, we continue to outperform so many parts of the world.

Because our people are working hard ...

And working together ...

To provide a great quality of life for their families ...

And to strengthen their communities.

As a government, we can do no less.

That's why, as we move through a sensitive economic recovery, we are taking a balanced approach to eliminate the deficit and make smart investments for long-term economic growth.

That's why we are committed to helping all the people of Ontario enjoy the same opportunities.

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That's why we are dedicated to building an Ontario that is prosperous ...

And fair.

An Ontario that is as inclusive ...

Accepting ...

And open ...

As the people who call it home.

And, with their help, we've put forward a *Budget* that speaks to their priorities ...

Their values.

The principles of this *Budget* come from the people.

They have had a lot to say.

What they are telling us is that they want their government to move forward on their priorities ...

The *Budget* also speaks to the priorities of all parties in this house ...

Because despite our differences, we are united in our wish to help this province.

Working together — and only working together — can we achieve those priorities.



Mr. Speaker, the people of Ontario are proud.

Proud of the way they worked together through the worst global recession in 80 years.

Proud of the way they worked together to protect public education and health care ...

And proud of our Ontario ...

Where there is room for everyone.

Room for everyone to compete, do business and succeed.

Room to learn.

And, above all, room to help each other.

Thank you, Mr. Speaker.





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