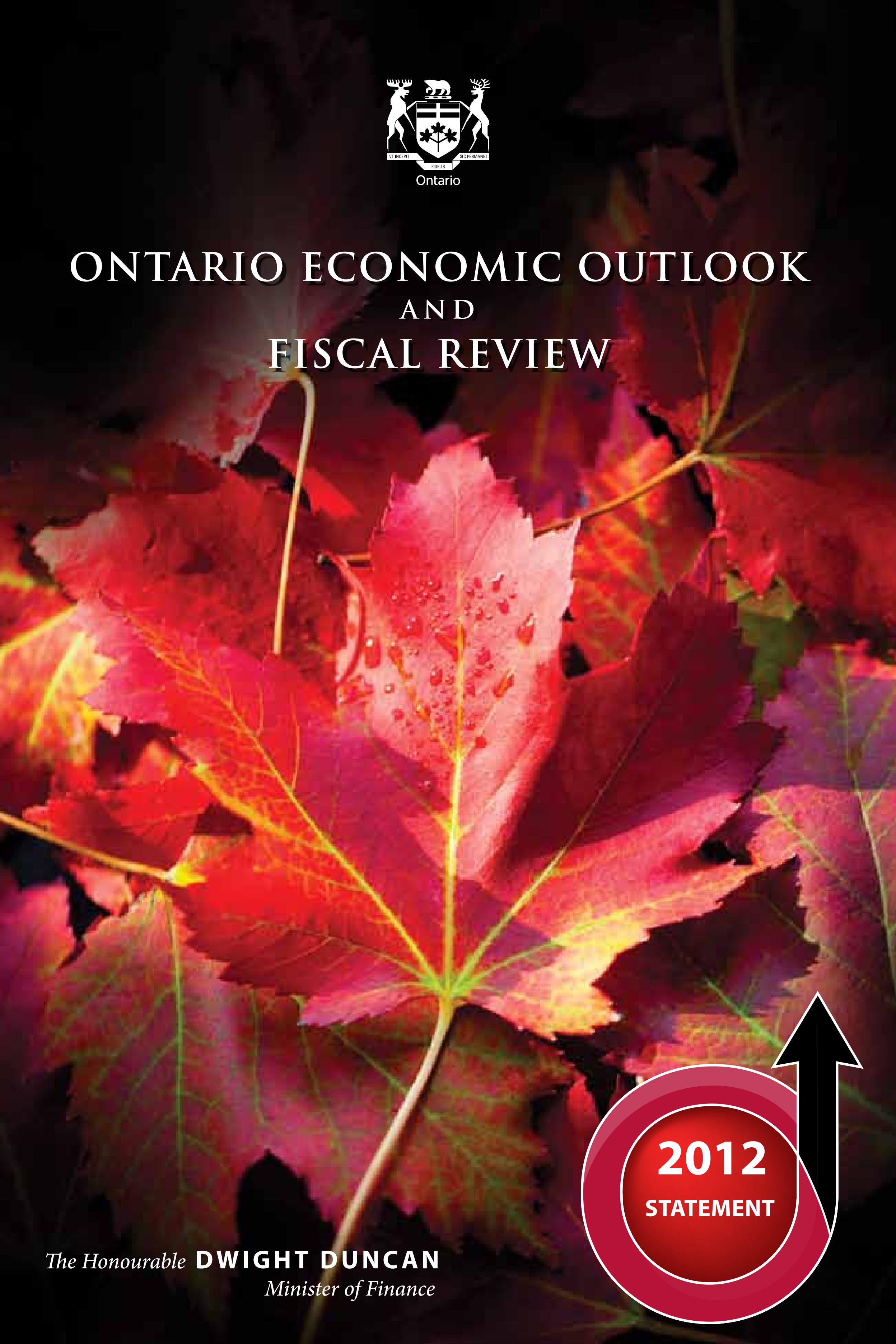
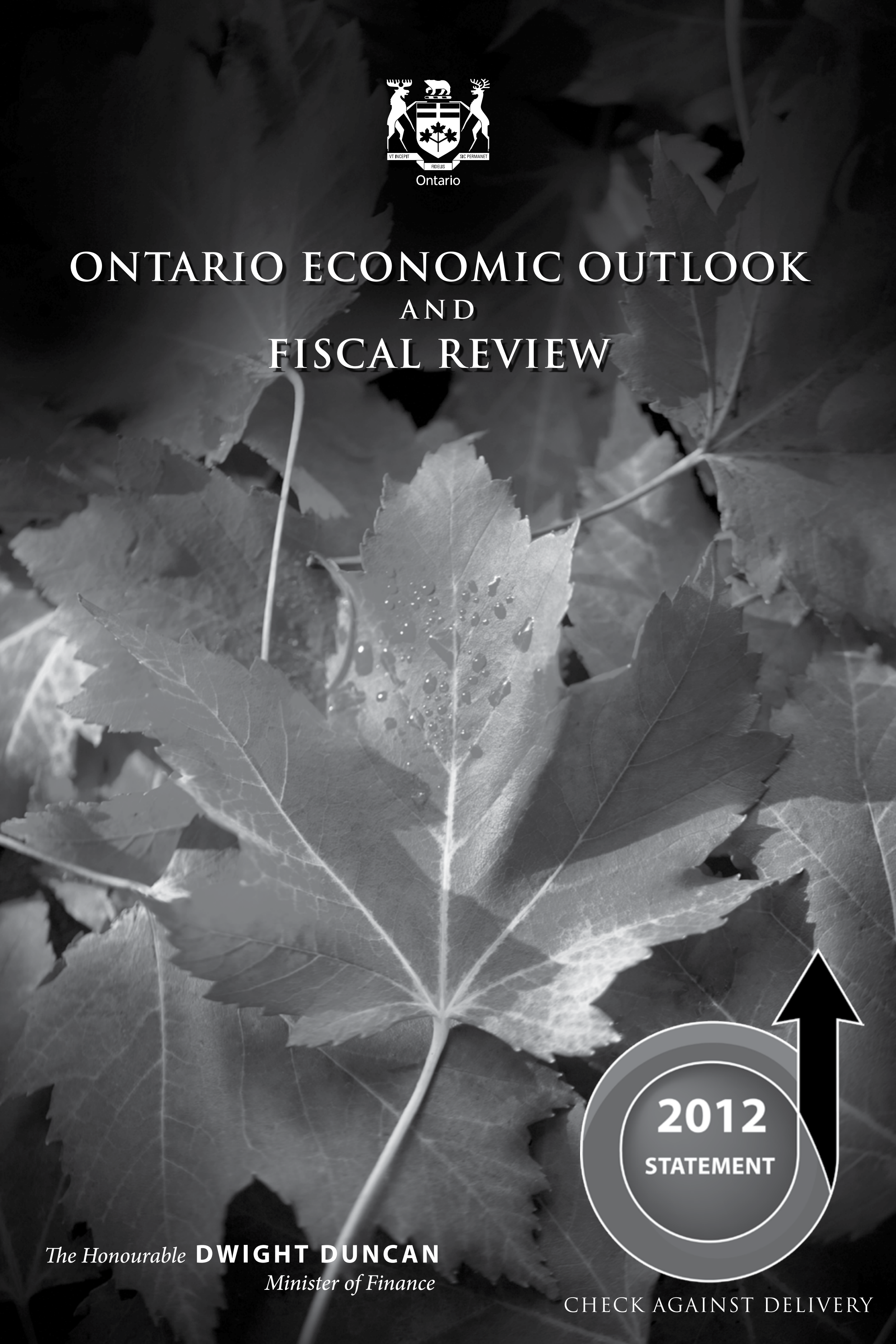


Ontario

ONTARIO ECONOMIC OUTLOOK AND FISCAL REVIEW

2012 STATEMENT

The Honourable **DWIGHT DUNCAN**
Minister of Finance



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ISSN 1499-5557 (Print)
ISSN 1499-5565 (PDF/HTML)

Ce document est disponible en français sous le titre :
Perspectives économiques et revue financière de l'Ontario de 2012, Allocution

Introduction

Mr. Speaker, I rise to present the *2012 Ontario Economic Outlook and Fiscal Review*.

I do so at a time when Ontario families are still feeling the effects of the global recession.

The world continues to confront challenges brought on by an uncertain economic environment.

A number of European economies have fallen into recession and the situation remains volatile.

In many other places, government debt levels are enormous and eclipse those here in Ontario and Canada.

The economic recovery in the United States — our largest trading partner — has been slow and burdened by high unemployment.

Slowing growth in emerging market economies adds to the global insecurity.

Ontario is directly affected by the changing global economy and the uncertainty that comes with that change.

Which is why, Mr. Speaker, our government is taking strong, determined action for Ontario's economy and job creation.

I am pleased to update Ontarians on how the strong action taken by the McGuinty government is working.

Working Together to Meet Challenges

The strong action taken by the McGuinty government has confronted the challenges facing Ontario leading up to and through the global recession.

We overcame those challenges by working together.

When I say "we," I mean all Ontarians, together.

Before the recession, we rebuilt our schools and hospitals after years of neglect by the previous government.

Now we have one of the best-educated workforces in the world to compete in the global marketplace of ideas, products and services …

And a better health care system to help the ones we love.

Working together, we rebuilt our electricity system because it was aging and unreliable.

Now, it is stronger, with over 10,000 megawatts of new and refurbished capacity to support our growing economy.

The McGuinty government eliminated the hidden deficit it inherited from the previous government.

We balanced the budget three years in a row.

Then, Mr. Speaker, the global recession hit.

In 2008–09, the global economy experienced its largest downturn since the Great Depression.

It affected everyone around the world — people in both advanced and emerging market economies.

Again, Ontarians took action to weather this worldwide economic storm …

To keep people at work in their existing jobs …

Or at work in new jobs.

To do that, the Province invested substantial stimulus into the economy.

We invested in our auto sector …

In forestry and in mining.

We made considerable infrastructure investments …

To turn aging infrastructure into opportunities for growth.

Ontarians took strong action to keep literally hundreds of thousands of people at work.

We reformed an outdated tax system to make Ontario more competitive.

Now Ontario is one of the most attractive places for businesses to invest …

And that investment creates jobs.

Mr. Speaker, Ontarians took strong action during turbulent times to turn the corner on the global recession.

To keep our economy on the right track …

To create good jobs for people …

And to build a shared prosperity for current and future generations of Ontario families.

Economic and Job Growth

Like many places around the world, Ontario's economy is growing steadily — yet more modestly than we would like.

The Province's economic and job growth have both fully recovered to pre-recession levels.

Since the bottom of the recession, Ontario's real gross domestic product has increased by 8.1 per cent …

And more than 350,000 net new, full-time jobs have been created.

Most of these new jobs were in industries that pay above-average wages.

Since 2003, Ontario has created 565,600 net new jobs.

That means an average of about 5,237 jobs every month …

Or approximately 172 jobs every day.

Business investment in machinery and equipment — which increased almost 19 per cent in 2011 — is a key driver of Ontario's economic growth.

Mr. Speaker, the facts are clear.

There is no place better positioned to grow and take advantage of new opportunities than Ontario.

Managing Spending

Mr. Speaker, eliminating the deficit is the single most important step the Province can take to grow the economy and create jobs.

Our government is on track to eliminate the deficit by 2017–18.

For the fourth year in a row, Ontario is ahead of its targets in lowering the deficit.

We are prudently managing growth in program spending while protecting jobs and public services.

Last year, program spending in Ontario grew by less than one per cent.

That marks the second lowest rate of growth in program spending in Ontario in a decade.

On average, over that decade, Ontario's growth in program spending has been roughly the same as that of the federal government.

Mr. Speaker, our government is taking strong action because we know that the status quo is not an option.

We know that eliminating the deficit will make the economy stronger.

We will continue to strengthen and support job creation …

And protect the schools and health care that Ontarians value.

The strong action taken by the McGuinty government is working.

Yet the fact remains: there is more work still to do.

Protecting Jobs and Public Services

Ontario has made — and continues to make — important investments in public services.

In recent years, when economic growth was robust, these investments included fair pay increases for our public-sector workers.

We value the important work public-sector workers do for Ontario families …

And we want to protect their jobs and the important services they provide.

One fact keeps things in perspective, Mr. Speaker …

More than half of what government spends — over $55 billion — goes to wages and benefits for employees in the broader public sector.

Given the deficit and ongoing economic uncertainty …

Ontario faces a clear choice: restrain wages and benefits or lay off thousands of hard-working Ontarians — the people who provide the public services relied on by Ontario families.

It is fair and reasonable to ask all of our government workers to take a two-year wage freeze so that we can protect public services and save public-sector jobs.

MPPs are in the middle of a five-year wage freeze.

We recently passed legislation to protect the gains we have made in education.

The *Putting Students First Act, 2012* is based on an understanding reached with 55,000 teachers after 300 hours of negotiations that took place over six months.

Over the next two years, it would support savings of $2 billion to taxpayers …

And protect nearly 20,000 jobs in education.

Our doctors are back at the negotiating table to help us meet our targets and better serve patients.

Just recently, a government union of 10,000 employees reached a tentative agreement that includes a two-year wage freeze.

Now we want to work with the almost half a million more government workers to negotiate similar agreements.

Three weeks ago, I proposed the Protecting Jobs and Public Services Act for consultation.

This draft legislation proposed our preferred approach to keeping people working and protecting public services.

It would protect the jobs of 55,000 Ontarians …

And support avoiding increased spending in the public and broader public sectors of $2.8 billion over three years.

Still, this is a minority parliament …

So the government needs support from one of the Opposition parties.

We briefed both Opposition parties.

We wrote to them and asked for their support.

So we will continue talking with the Opposition parties.

While we also look to options outside of the legislature.

We have always said we will work with anyone who is willing to work with us…

To meet the objectives of eliminating the deficit and protecting jobs and public services.

That is why we are prepared to sit down with our labour partners and pursue framework agreements.

We know it is possible to achieve negotiated agreements when our partners are willing.

This has always been — and remains — our preference.

We took this approach with about one-third of our teachers …

With 10,000 government employees.

In the private sector, we have seen that employers and employees can come together and achieve wage freezes through hard bargaining.

It remains to be seen if we can achieve the necessary results with half a million more public-sector workers.

It is our preference that we do so and we will continue working to reach that goal.

One way or another, we need compensation restraint as a tool to reach our fiscal targets and protect jobs and public services.

The fiscal plan provides no funding for incremental compensation increases for new collective agreements.

So pay hikes could only be offset through job cuts and cuts to public services …

Or tax increases.

The McGuinty government cannot and will not accept these alternatives.

Given the choice between protecting jobs and public services or cutting jobs — which means fewer services — the McGuinty government will choose protecting jobs and public services …

Every single time.

Eliminating the Deficit

Mr. Speaker, the strong action we are taking to eliminate the deficit is working.

We are further ahead in lowering the deficit than where we thought we would be.

The Province's deficit for 2012–13 is projected to be $14.4 billion …

An improvement of over $400 million from the *2012 Budget* forecast.

The *2011–2012 Public Accounts of Ontario* confirmed a deficit of $13.0 billion, which is $3.3 billion ahead of plan.

The McGuinty government will keep working to lower the deficit each and every year …

Until we eliminate it in 2017–18.

Conclusion

Mr. Speaker, the global economy is going through uncertain times.

Governments around the world cannot sit idly by and wait for the uncertainty to pass.

Here in Ontario, we are restoring confidence, growing the economy and building prosperity for families…

Brick by brick …

Job by job.

Mr. Speaker, we will continue to hit our fiscal targets …

And we will continue to transform how we deliver public services to people …

To ensure the best possible value through the best possible services.

We have taken the steps required to ensure Ontario's economy is competitive …

Now, eliminating the deficit is the most important thing we can do to strengthen our economy and create jobs.

Long-term prosperity is achieved through job creation and balanced budgets.

Ontario's competitive economy and a balanced budget are the pathway to continuing to deliver the best education and health care in the world.

Mr. Speaker, Ontario is a strong province with a proud tradition of job and economic growth.

By taking strong action and making the right choices today, we will continue that tradition and build a better tomorrow.

Thank you, Mr. Speaker.