



2017 ONTARIO ECONOMIC OUTLOOK AND FISCAL REVIEW



A STRONG AND FAIR



The Honourable
CHARLES SOUSA
Minister of Finance
STATEMENT

Check Against Delivery

2017 ONTARIO
ECONOMIC
OUTLOOK AND
FISCAL REVIEW

For general inquiries regarding *A Strong and Fair Ontario — 2017 Ontario Economic Outlook and Fiscal Review, Statement*, please call:

Toll-free English and French inquiries:	1-800-337-7222
Teletypewriter (TTY):	1-800-263-7776

For electronic copies of this document, visit our website at ontario.ca/fallstatement

© Queen's Printer for Ontario, 2017

ISSN 1499-5557 (Print)

ISSN 1499-5565 (PDF/HTML)

Ce document est disponible en français sous le titre :

Un Ontario fort et juste — Perspectives économiques et revue financière de l'Ontario 2017, Allocution

INTRODUCTION

Mr. Speaker.

It is my honour ...

To present the *2017 Ontario Economic Outlook and Fiscal Review*.

Mr. Speaker, thanks to the hard work and determination of the people of Ontario, we are set to balance the budget this year ...

And for the next two years.

Our plan to return to balance was based upon growing the economy and creating jobs.

It was about investing in our people and in what matters most to them: health care, education and the social programs that Ontarians depend upon to better their lives.

It was about managing our expenses — transforming government programs to make services more efficient and effective.

Our plan was successful.

Over the past three years, our economy has grown faster than Canada's and all G7 countries.

Our job numbers are up.

Since the global recession, 800,000 net new jobs have been created in Ontario.

The majority of these jobs are full-time, in the private sector, in industries that pay above-average wages.

The unemployment rate has also steadily declined ... to 5.9 per cent in October 2017.

That's below the national average ... for 31 months in a row.



Our economy is expected to continue to grow ...

With real GDP growth now forecasted at 2.8 per cent in 2017 ...

Up from 2.3 per cent in the *2017 Budget*.

By 2020, Ontario is expected to create over 200,000 net new jobs — that's over and above the 800,000 net new jobs already created since the recession.

And we remain the leanest ... the lowest per capita program-spending government of any province in Canada.

But there is more to do.

While some suggest we stop investing and adapting, we will continue to move forward, Mr. Speaker.

As you know, we live in a time of rapid change. New technologies are transforming our lives.

From an old world of smokestacks to a new world of green and clean ...

From manual assembly lines to advanced manufacturing and high-tech factory floors ...

From paper to tablets ...

New skills have never been more important to adapt than ever before in history.

At the same time, our society is aging, placing new pressures on our social programs.

People are feeling these changes in their daily lives.

Families are pinched between aging parents at one end, and the struggle to find quality child care at the other.

Young people are moving back home.

Jobs with pension benefits are fewer.

These are just some of the challenges we face today, Mr. Speaker.

But Ontarians overcome challenges. We are resilient.

And when given the opportunity, our people can change with the times ... and win.

Because change isn't done with us. And, Mr. Speaker, we're not done with change.



FAIRNESS FOR FAMILIES

Let's talk about fairness.

Although Ontario is in a position of greater fiscal and economic strength ...

The numbers don't tell the whole story.

Many people across the province are still facing challenges.

The rising tide has not yet lifted all boats.

We must go further ...

And respond to the uncertainty and anxiety that some people are feeling.

Ontario's strong outlook and balanced budgets will help more people get ahead ...

To ensure that more families get a fair shot at a better future.

That regardless of family income, parents can give their kids the tools they need to learn, grow and succeed.

That when your child is sick, you don't have to choose between medicine and food.

That's why, Mr. Speaker, beginning January 1, 2018, everyone under the age of 25 will receive free medicine.

OHIP+ is one of the most significant expansions of medicare in Canada's history.

Fairness for families also means that parents should not need to struggle to find affordable and accessible child care.

That's why we are making a historic investment to help 100,000 more children up to age four access licensed child care spaces across the province — doubling current capacity.

Fairness also means that our children receive the best education.

That is why we are investing in our students' mental and physical well-being ...

Including almost \$16 billion in capital funding over 10 years for new and improved schools.

This September, students returned to more than 50 new and renovated schools across Ontario ...

From St. Basil Elementary School in Sault Ste. Marie ... to Vimy Ridge Public School in Ottawa.

From Sir Arthur Currie Public School in London ... to École élémentaire publique le Flambeau in Mississauga ...

Because we want all our children to get the best start in life.

FAIRNESS IN HEALTH CARE

Mr. Speaker, our universal health care is an expression of our values of fairness, equality and compassion.

That is why, in the *2017 Budget*, our government announced an additional \$7 billion booster shot for health care ...

To reduce wait times and improve access to care ...

And to improve delivery of critical procedures in hospitals, we announced an additional \$100 million — bringing that total to \$618 million.

This year, we have also added 1,200 new hospital beds to improve access to care ...

Because fairness means that everyone in Ontario has access to the health care they need, when they need it, and where they need it.



FAIRNESS IN HOUSING

Fairness in Ontario also means being able to afford a place to live.

Mr. Speaker, Ontario's strong economic growth is attracting more people to our province.

And that increased demand for more homes ...

Which led to higher prices, which were becoming out of reach to many.

So last April, we introduced Ontario's Fair Housing Plan ...

To temper the market, to increase supply, and bring more stability to real estate.

And, Mr. Speaker, prices came down ...

Helping more families buy homes they can afford.

We also expanded rent control to all private rental units ...

Which protects tenants against dramatic rent increases.

AFFORDABLE ELECTRICITY

Mr. Speaker, home costs include hydro bills.

We made major capital improvements to make our electricity system cleaner and more reliable ...

This resulted in higher rates.

So this year, our government is delivering the single largest reduction to electricity rates in our history.

So as of July 1, electricity bills have been reduced by 25 per cent on average for all households.

And approximately 500,000 small businesses and farms will also benefit with price reductions.

Some living in rural or remote communities are now seeing their electricity bills reduced by as much as 40 to 50 per cent.

FAIRNESS FOR STUDENTS, APPRENTICES AND YOUNG PEOPLE

Mr. Speaker, our economic growth also depends upon our highly skilled workforce.

It's estimated that about 70 per cent of tomorrow's jobs will require a postsecondary education.

To ensure that Ontario's best and brightest are given the opportunity to achieve their full potential ...

We are investing further in postsecondary education, skills and training.

That is why our government transformed OSAP.

Mr. Speaker, access to postsecondary education should be based upon desire to learn, not ability to pay.

I am proud to report that over 210,000 college and university students in Ontario are receiving free tuition this year.

Mature students will also benefit.

And starting next year, students will receive a reduced, up-front bill — with OSAP already factored in.



Meaning more time studying and less time worrying about up-front payments.

These improvements to higher education will lead to higher incomes ... and a stronger Ontario economy.

Fairness also means giving French-speaking students more opportunities to study in French.

That is why we are proposing to create a new French-language university, the first of its kind in the province.

But, Mr. Speaker, some young people may choose different career paths.

For many, apprenticeships are the gateway to their success.

So we want to help more of them complete their training.

That is why our government is proposing to transform the existing Apprenticeship Training Tax Credit into a new Graduated Apprenticeship Grant for Employers.

Employers would receive funding as apprentices complete their levels and certification.

And we will expand those supports to five additional trades and offer bonuses to increase the number of apprentices from underrepresented groups, such as women, Indigenous peoples, francophones, people with disabilities, newcomers and visible minorities.

Fairness also includes providing improved access to distance education and skills training, so we are expanding broadband infrastructure in northern Ontario.

High-speed Internet access will also provide a boost to economic development in our northern communities.

Mr. Speaker, we also want to help young people find meaningful employment ...

To find their first job, or take their first steps towards building their career.

And we want to support small businesses that hire these young people.

So we are proposing to provide \$124 million over three years to support companies with fewer than 100 employees who hire youth ages 15 to 29.

They would receive incentives for hiring and retaining young people ...

With additional incentives for supporting young people who typically face barriers to employment.

FAIRNESS FOR WORKERS

Fairness also means that all workers have a chance to get ahead.

Even in our growing economy, too many people today are lacking benefits and protections, facing uncertain hours and low pay.

Our government decided to take the bold steps needed to support workers and their families.

That is why we are raising the minimum wage to \$15 an hour by January 2019.

We are ensuring part-time workers are paid the same when doing the same job as full-time workers.

As well as introducing paid sick days, minimum vacation entitlements and the right to emergency leave days for all employees.

We will not back down from these commitments.

An increase to minimum wage cannot wait.

People cannot wait ... delaying an increase is denying an increase.



FAIRNESS FOR SENIORS

Nor can our seniors wait.

Mr. Speaker, we currently have more than two million seniors in our province, and that number is expected to grow to 4.5 million by 2040.

Seniors want to live independent, active, healthy, safe and socially connected lives.

And we want to ensure they do so.

Last week, Premier Wynne announced our Seniors Strategy, *Aging with Confidence: Ontario's Action Plan for Seniors* ...

Building new Active Living Centres, adding 5,000 more long-term care beds by 2022 and over 30,000 over the next decade.

This is in addition to redeveloping 30,000 beds by 2025 ...

And expanding compassionate end-of-life care for 2,000 more families.

FAIRNESS FOR INDIGENOUS PEOPLES

And finally, Mr. Speaker, we cannot be a fair society until we advance reconciliation with Indigenous peoples.

Ontario is working with our Indigenous partners to address the legacy of residential schools, and to support Indigenous culture.

One way we can do this is to ensure Indigenous students can learn in a culturally responsive educational environment.

Mr. Speaker, we will be introducing legislation that will recognize Indigenous Institutes as a third pillar of our postsecondary system ...

Creating a new pathway for Indigenous students to earn a diploma, certificate or degree.

We will continue the journey of reconciliation to bring meaningful change to Indigenous peoples and communities.

CREATING OPPORTUNITIES

Mr. Speaker, by creating a dynamic, competitive business environment, we help create opportunities.

We took important steps to ensure companies could thrive in the recession.

We significantly enhanced Ontario's business tax competitiveness.

We cut red tape.

We continue to help businesses scale up ...

And deliver the largest infrastructure program in our province's history.

To build more roads, bridges, transit, hospitals and schools.

Our investments of about \$190 billion for critical projects over 13 years are expected to help support 125,000 jobs per year ...

Driving economic growth, attracting skilled talent and encouraging business investment.

A study by the Centre for Spatial Economics says that for every dollar we invest in public infrastructure, our real GDP will rise by up to six dollars on average over the long term ...

Helping build an even stronger economy.



SUPPORTING SMALL BUSINESSES

Mr. Speaker, Ontario small businesses have been instrumental in growing our economy and creating jobs.

Their success is our success.

About a third of jobs in Ontario are in small and medium-sized enterprises (SMEs).

To support these businesses, I am pleased to announce that the government is introducing more than \$500 million in new initiatives over the next three years to help them grow and reduce costs.

So today, I am pleased to announce that the government is proposing to cut Ontario's small business Corporate Income Tax rate from 4.5 per cent to 3.5 per cent, effective January 1, 2018.

This represents a 22 per cent reduction in the Ontario CIT rate for small businesses.

With the changes proposed by the federal government, the combined federal–Ontario CIT rate for small businesses would be at its lowest in over 30 years.

And, Mr. Speaker, we are providing greater opportunities for SMEs to access the Ontario government procurement process.

As previously announced, we will designate 33 per cent of our procurement spending to Ontario small and medium-sized businesses by 2020.

We believe these measures ...

Combined with other supports such as improved access to financing and further reducing red tape ...

Will provide even more competitiveness and greater opportunities for our small businesses to succeed and create jobs.

TRADE PARTNERSHIPS AND OPPORTUNITIES

Mr. Speaker, our future economy depends upon securing and expanding access to markets around the world.

Yet the current renegotiation of NAFTA is causing uncertainty.

Our economies are deeply integrated, with about \$1 billion in goods traded between Ontario and the United States every day.

Ontario accounts for more than half of Canadian trade in goods with the United States.

Disruption in this area would diminish business confidence and investment.

That is why, Mr. Speaker, our government is playing an active role to help secure our existing trade relationships.

To date, Premier Wynne has met with over 30 U.S. Governors.

Our message is clear:

An agreement is in the best interests of all sides.

In the meantime, we will continue to work to diversify our trading relationships.

Our Global Trade Strategy, announced last month, will help increase international trade over the next five years.

We will continue to promote Ontario companies around the world.



CONCLUSION

Mr. Speaker, thanks to the perseverance and ingenuity of the people of Ontario, we have recovered from the global recession stronger.

This allows us to invest more in our people.

To improve public education, from kindergarten to postsecondary.

To expand universal health care, for everyone from kids to seniors.

To build up our hospitals, schools, public transit, roads and highways.

To scale up more businesses and help them succeed.

All of which are afforded because we take a balanced approach ...

Delivering a balanced budget.

So that we can continue to invest in what matters most to the people of Ontario ...

Fairness and opportunity for all.

Thank you, Mr. Speaker.