Top Media Qs & As for Document 2017
April 2017

Restoring Balance

Q1. The opposition says you've cooked the books and that this is an artificial balance. What's your response?

Ontario has been one of the fastest-growing provinces over the past three years, and private sector economists expect that will continue for at least another two years. With increased revenues as a result of our strong economic growth, we are investing to help Ontario families

Our plan is realistic and responsible. It is simple – our projected revenue is more than our projected expenses.

[As a banker with twenty-five years private-sector experience, I can vouch for the integrity of these numbers.]

We will continue to manage our expenses and transforming how we deliver public services to make them more efficient and effective. We are cracking down on the underground economy to ensure everyone pays their fair share.

Q2. The Financial Accountability Officer (FAO) has questioned your government's ability to balance its budget. What's your response?

A. In the *Economic and Fiscal Outlook – Assessing Ontario's Medium-Term Prospects*, the FAO stated that "the Province should be able to achieve its commitment of balancing the budget in 2017-18."

Our plan to balance the budget has been consistent: make strategic investments to grow our economy and manage growth while spending responsibly.

The proof is in the pudding — Ontario is a leader in economic growth, with our real GDP growth having outpaced that of all the G7 countries over the last three years. Not only has Ontario's economy been one of the fastest-growing among provinces, it is also the most efficient, with the lowest program spending per capita.

Since the recession, Ontario has added nearly 700,000 jobs, the majority of which are full-time positions and in the private sector. Our plan to invest in and transform public services has resulted in program expense-to-GDP ratio returning to its pre-recession level.

Ontario is forecasting a deficit of $1.5 billion for 2016-17 — the eighth year in a row that we're projecting to beat our deficit target. Furthermore, we're balancing the budget this year and for the next two years.

Q3. Are you using the sale of Hydro One to balance the budget?

A. We have achieved a balanced budget through targeted, measured and fiscally responsible decisions — managing growth in program spending and fostering job creation and economic growth.

The government's plan to eliminate the deficit does not depend on the revenues from asset sales. Maximizing the value of these assets is part of the government's economic plan for Ontario.

As part of this plan, Ontarians will be able to access more child care spaces, study in modernized schools, and receive care in newly renovated hospitals.

We are required by law to allocate the net proceeds of all revenue gains from our asset optimization strategy to the Trillium Trust.

Q4. What about cap and trade? How does that fit in to the picture? How are you helping businesses offset these costs?

A. The global economy is moving toward pricing carbon to address the threats of climate change.

By law, all revenue from cap and trade must be reinvested to support green projects that fight climate change, like transit, and housing retrofits.

Our approach to investing carbon allowance proceeds is both balanced and strategic, focusing on initiatives where the opportunity for emissions reduction and sustainable economic growth is greatest.

We are taking advantage of innovative clean technologies and alternative energy sources so that businesses can stay competitive and provide low-carbon goods and services to Ontarians.

Q5. What does continued borrowing and growing debt mean for future generations?

With our economic growth projected to continue and balanced budgets planned for the foreseeable future, Ontario is once again in a strong, healthy position. A balanced budget means 100 per cent of the funds it borrows is for capital investments, like new hospitals, schools, roads and public transit.

These are important assets in our communities, create jobs and contribute to Ontario's long-term economic growth.

Q6. Are you cutting programs to balance the budget?

A. Our plan is realistic and responsible. We have been managing our expenses and transforming how we deliver public services to make them more efficient and effective.

In fact, we'll be spending more on programs than was outlined in the 2016 Budget. This includes an additional $11.5 billion in health care and $6.4 billion in education over the next three years and more than $190 billion in our multi-year infrastructure plan.

In fact, as of January 2018, we will be providing free prescription drugs to everyone aged 24 and under.

This includes coverage for more than 4,400 medications to treat most acute conditions, common chronic conditions, childhood cancers and other diseases. This program is the first of its kind in Canada.

This increase reflects what a balanced Ontario can do: deliver programs and services that make a difference for people today, while building for the future.

Q7. What will you do if the AG doesn't sign off on your books? What happens if she gives you another qualified audit?

The Auditor had a disagreement with ministry officials about the application of the accounting standards that has been in place for 16 years. So we asked an independent expert panel to provide an independent assessment.

The panel found that the accounting practices that the province has used since 2001 are appropriate.

Q8. There are increases for tobacco tax and the new NRST in the Budget. I thought you said you weren't raising taxes?

Ontario has made significant progress on the Smoke-Free Ontario Strategy. However, tobacco related-diseases remain the number one cause of preventable death and disease in Ontario. That's why we are increasing tobacco tax rates, bringing Ontario's rates closer to the national average.

As for the NRST, Ontario's doors are always open. That won't change.

Ontario will continue to welcome investment from all over the world. The measures that we are proposing aim to address excessive demand in GGH region and make housing more available and affordable for the people of Ontario.

We are proud of our diversity; in fact, it's one of our province's greatest strengths.

We will be rebating the tax to foreign nationals who have ties to Ontario, whether it be ones who are coming to work here or international students. The new tax is a premium for those who have no ties to Ontario, who may be sitting across the world and wish to speculate in our real estate market; crowding out locals.

Q9. Why are you increasing taxes on tobacco again?

This budget is all about a Stronger, Healthier Ontario and increasing tobacco tax rates, to bring Ontario's rates closer to the national average is in line with that.

Q10. Why are you giving Toronto and other municipalities the authority to levy a hotel tax? What effect will this have on the hospitality industry?

The City of Toronto has made several requests for this and we are making changes to the City of Toronto Act and the Municipal Act to enable municipalities to implement this in a way that fits their local needs.

<u>Helping Families</u>

Q11. You've announced the Fair Hydro Plan, which spreads high electricity costs over the longer term. Aren't you just pushing the costs onto future generations?

A. We have heard from Ontarians across the province that investing in greener generation, transmission and distribution have increased electricity bills too quickly.

That's why we committed to lowering household electricity bills by 25 per cent, on average, beginning this summer, and to holding rate increases over the next four years to inflation.

Our plan will ensure costs are distributed more fairly over time. The plan significantly reduces rates today and ensures fairness and predictability for tomorrow.

Most of Ontario's electricity generators are under 20-year contracts, but many of these facilities are expected to generate power after their contracts end. These are long-term assets for our electricity system. We are bringing forward some of the net value of these assets by spreading a portion of the costs of these contracts over a longer period.

Q12. You're planning on providing free pharmacare to thousands of Ontario children. You're also making 100,000 new child care spaces available and extending free average tuition to more than 210,000 students. How are you paying for everything when you're eliminating the deficit?

A. Ontario's economy continues to grow. Our growth has outpaced Canada's and all other G7 countries for the last 3 years.

Our plan is realistic and responsible. It is simple – our projected revenue is more than our projected expenses. We continue to manage our spending and look for ways to improve the efficiency and effectiveness of public services.

With a growing economy and a balanced budget, this is the time to make investments in key services that matter most to people, like health care and education, while at the same time lowering costs for necessities like electricity and child care.

Providing more access to vital services isn't just an investment in our future. It's the right thing to do.

Q13. Isn't it unfair that low-income children get free pharmacare, when low-income adults have to pay for it?

A. This is the first step. Access to prescription drugs is essential for a truly responsive and sustainable health care system. Pharmacare will help ensure access to prescribed medications, particularly for those who are most in need and least able to pay. It is the natural next step in the evolution of Canada's most revered social program — universal public health care.

The Ontario Drug Benefit (ODB) Program is already one of the country's most generous, helping to pay for more than 4,400 prescription medications for seniors, people with high drug costs and other vulnerable populations. It's important to note that today, more than 3.9 million people in Ontario benefit from the ODB Program, including over 2.3 million seniors and more than 900,000 people on social assistance.

Q14. How are you delivering on your commitment to increase access to childcare?

A.

Our balanced budget includes help for 24,000 more children up to four years old to access child care in 2017-18. This is part of our plan to help 100,000 kids access child care over five years, as announced in the 2016 Ontario Speech from the Throne.

We are investing over $200 million in 2017-18 to increase accessibility and affordability of licensed child care throughout the province, building on the $65.5 million capital investment announced in the 2016 Fall Economic Statement.

Housing

Q15. Several experts, such as CIBC, have warned that government intervention in the housing market may have unintended consequences. How can you make sure that these actions minimize the potential for unintended consequences?

A. While rising prices reflect the economic strength of the region and have benefitted current homeowners, the cost of buying or renting is creating a serious burden for too many people and families.

When Ontarians can't afford their own apartment or can't ever imagine owning their own home, we know we have to act.

Ontario's Fair Housing Plan takes a balanced and multi-pronged approach that addresses both the demand and supply side of the market to help bring stability to the housing market — by cooling demand and helping create more supply. It has been welcomed by many economists, including the Governor of the Bank of Canada.

Q16. The housing market is caught in a bubble. Isn't there a risk that the Non-Resident Speculation Tax will lead to a housing crash?

A: The Fair Housing Plan represents a balanced, multi-faceted plan to address Ontario's rising housing costs. Initiatives include empowering municipalities to introduce a tax on vacant homes, amendments to the *Rent Control Act* and measures to encourage the construction of new apartment buildings.

Taken together, the new measures are expected to help stabilize the market and help families access housing that meets their needs, while mitigating the potential for a market crash.

We will monitor the impacts of these policies very closely, and quickly make adjustments to the tax if conditions warrant.

Q17. Why didn't you wait to get data on the housing market before acting?

A. Recent data showing accelerated price increases in Toronto (+33.2 per cent in March compared to last year) and surrounding communities like Barrie (+43.4 per cent in March) have made it clear that action is needed sooner rather than later. Ontarians looking for an affordable home could not wait any longer.

Q18. Will your meddling in the market cause people to lose value in their homes?

A. We're taking action through our Fair Housing Plan to stabilize the housing market and make buying or renting a home fairer and more affordable.

Our objective is to stabilize the market without causing an over-correction that could have unintended consequences for homeowners.

That's why we have taken a thoughtful approach, addressing this issue from both a supply and demand perspective.

This measured set of responses will responsibly ease the enormous pressure people are under right now and make finding a place to live a little easier, a little less frantic and a whole lot fairer.

Q19. Does this xenophobic tax say Ontario is closed to foreigners?

A. Ontario's doors are always open – we welcome more immigrants than any other province.

We are proud of our diversity and recognize it's one of our greatest strengths.

We will be rebating the tax to foreign nationals who have ties to Ontario, whether it be ones who are coming to work here or international students.

This tax targets only those looking for a quick profit or a safe place to park their money – not those looking for a new home to raise a family.

We continue to welcome investment from all over the world. This is about ensuring that everyone pays their fair share.

Our comprehensive Fair Housing Plan will help more people find an affordable place to call home, while bringing more stability to the market.

Creating Opportunities

Q20. How are you broadening labour force participation and improving productivity?

A. We are creating opportunities for people and business in the new economy by developing a highly skilled workforce, investing in infrastructure, supporting business innovation and growth, and expanding exports.

The government is making sure that these opportunities are available in all regions of the province, fostering an environment where everyone will benefit from, and contribute to, Ontario's prosperity.

Additionally, by further strengthening postsecondary education and training, we are helping Ontarians become equipped with the skills they need to find meaningful work, adapt to changing technologies, create new businesses and contribute to their communities.

To help students land employment upon graduation, Ontario is working with partners to launch a new Career Kick-Start Strategy. More college and university students will now benefit from work-related learning experiences during their studies, so they can get good jobs when they graduate.

Q21. Many Ontarians lack the opportunity to develop new skills and get the education to find a job in today's economy. How does this budget change that? What about people with disabilities? What about women?

A. The Budget continues the government's long-standing support of gender equality by removing barriers to equal participation in the workforce, such as providing more access to child care.

The government has played a leadership role in women's economic empowerment and corporate leadership through the action plan to close the gender wage gap and an initiative to support women in corporate leadership.

People with disabilities continue to face many barriers to employment. Ontario is committed to supporting people with disabilities so they can gain meaningful work opportunities and contribute their talents and skills to Ontario's economy. We continue to consult with key stakeholders and those living with disabilities as we work on a provincial strategy to help more people with disabilities connect to job opportunities.

Health

Q22. How does this budget address the growing issue of long wait times and hospital overcrowding?

A. We're providing a two per cent funding increase to all hospitals in 2017–18. This investment will ensure hospitals can provide vital services, expand access to complex clinical services, keep wait times low, maintain access to elective surgery and maintain important health service programs.

Over the next three years, the government will invest $1.3 billion in additional funding to address wait times, including $890 million that will help to reduce key surgical and other priority wait times, $245 million to improve specialist access, including new digital solutions to streamline consults and eReferrals, $85 million in new home and community care services, and $74 million to provide more timely mental health services.

We're providing more than $20 billion in capital grants to hospitals over the next decade. This includes a new commitment of nearly $9 billion to support the construction of major hospital projects across the province — adding to the 34 already underway.

Q23. People living with mental illness continue to face a disparate and underfunded system. What are you doing about it?

A. Being mentally healthy is important. That's why the government provides $3.7 billion in ongoing funding for mental health and addiction services, including those for children and youth. Starting this year, we're making an additional investment of more than $140 million over three years to expand important mental health and addictions initiatives.

This investment will help people living with a mental illness or addiction get earlier access to services in their community, creating better outcomes.

Q24. Why are you embarking on a dementia strategy? Why now?

A. More than 210,000 Ontarians now live with dementia and that number is expected to more than double by 2038. The responsibility of caring for someone living with dementia can take an enormous physical, emotional and financial toll on care partners — family members, friends and neighbours. Nearly half of people living with Alzheimer's or other dementias have caregivers who are distressed.

Ontario's new Dementia Strategy will provide more than $100 million over three years to support people with dementia and those who care for them through better coordinated and enhanced services. This will include funding to expand province-wide access to community programs and other investments to enhance access to care, information and support from as early as possible once a diagnosis is made.

The strategy will also improve training and education in dementia care for personal support workers, physicians, nurses and other front-line workers.

We are also doing more to help unpaid family and friends caring for seniors, people with dementia and other home-care patients with more access to respite care, personal support workers or nurses.

Q25. Is a two-per-cent increase ($58 million) to long-term care homes enough to support the demand for beds with an aging population?

A.

Meeting the needs of seniors is a priority. That's why we are investing an additional $58 million for resident care needs in long-term care homes.

We're encouraging operators to accelerate the redevelopment of 30,000 long-term care beds by 2025 — to support the care our loved ones deserve, and provide comfort and dignity towards the end of life. The government announced plans to fund the redevelopment of 963 long-term care beds across the province.

We recognize that growth in the demand for these supports is outpacing the existing supply. So, we will be undertaking planning and modernizing our approach to better provide services to seniors who require long term care.

Q26. Wouldn't it have made more sense to provide even more health care funding, rather than embarking on fanciful investments such as free pharmacare for kids?

A. We know that access to prescription drugs is essential for a truly responsive and sustainable health care system. OHIP+ will help ensure access to prescribed medications, particularly for those who are most in need and least able to pay.

Our new OHIP+: Children and Youth Pharmacare Program fully covers the cost of prescription medications for everyone aged 24 and under, regardless of family income.

This program — the first of its kind in Canada — will ensure that parents will never have to choose between paying for their children's medication and providing other essentials.

It is the natural next step in the evolution of Canada's most revered social program — universal public health care.

The government is investing an additional $7 billion in health care over the next three years to reduce wait times, improve access to care and enhance the patient experience. These investments support hospitals, primary care, home and community care, mental health and more.

Q27. How is your plan different from the NDP? Are you introducing this because you are playing catch-up to them?

A. The difference is that our plan is real. Our plan comes into effect January 2018, two years earlier than theirs.

Our plan also covers almost 4,400 medications, with no co-payments and no deductibles..

Q28. Why is there nothing about cannabis in the Budget?

A. We are working collaboratively with the federal government and other provinces on how best to approach regulation and controlled access to legalized cannabis, while keeping social responsibility, public health and road safety top-of-mind.

The regulation, taxation and delivery of cannabis are just some of the issues that all levels of government are considering as a new legal and regulatory framework is developed. The work is underway and Ontario is well prepared. Our focus right now is on building a framework that keeps social responsibility and the protection of public health and safety at the forefront, not revenue.

Q29. Are the expected revenues from cannabis in the Budget?

A. No. Like all other provinces and the Federal government, we haven't incorporated cannabis into our revenue projections.

The regulation, taxation and delivery of cannabis are just some of the issues that all levels of government are considering as a new legal and regulatory framework is developed. The work is underway and Ontario is well prepared. Our focus right now is on building a framework that keeps social responsibility and the protection of public health and safety at the forefront, not revenue.

Education

Q30. Classrooms are overcrowded. Many schools are crumbling or in dire need of repair. What are you doing about these issues?

A. We are providing almost $16 billion in capital grants over 10 years to help build new schools in areas of high growth, improve the condition of existing schools and invest in projects to reduce surplus space. We're providing an additional $1.2 billion in funding for repairs and renewal over the next two school years.

Reducing class sizes is also part of Ontario's commitment to improving education. To meet this commitment, we're moving forward with capping class sizes to 30 students for full-day kindergarten in 2017–18 and 29 students in 2018–19.The government is also making additional investments to help ensure that all school boards have class sizes of 25 students or less from grades 4 to 8.

Q31. What are you doing about school closures?

A. From learning the ABCs to completing postsecondary, education is the foundation for building a better life.

Since 2013, our government has built 329 new schools.

We continue to build new schools and renew existing ones to create nurturing environments where children can learn and grow. The Province is providing almost $16 billion over 10 years to help build and improve schools

Transportation

Q32. Why have your infrastructure spending numbers gone up from $160 billion in last year's budget to more than $190 billion in this budget? Where is the money coming from?

A. The 2017 Budget builds on our commitment made in the 2014 Budget and includes a 13-year total of more than $190 billion for planned infrastructure investments.

The increase of $30 billion from the 12-year plan announced in the 2016 Budget is the result of investments, such as new hospital projects, school renewal initiatives and child care expansion.

The 13-year total includes the current 10-year figure, plus actual investments made in 2015–16 and the interim forecast amount for infrastructure.

Building and revitalizing public infrastructure is critical to strengthening Ontario's economy and supporting jobs.

Partners

Q33. What are you doing to prepare for changes to the NAFTA?

A. A healthy Ontario-U.S. trade relationship is beneficial to both economies. In 2016, Ontario was the top export destination for 20 states and the second largest destination for eight others.

Our economy is deeply interconnected with more than two dozen U.S. states. Those relationships support good jobs and growth across regions. We continue to strengthen relationships with our partners in the Great Lakes region and those in other parts of the U.S., as we've done in the past.

Our Premier continues to meet with American governors whose states have strong trading partnerships with our province. We will continue to work closely with the federal government and our provincial counterparts to ensure Ontario's economic interests are represented. We're working to support Ontario workers and businesses by advocating for free trade, which creates good jobs for Ontarians.

Fiscal/Economic Outlook and Debt

Q34. What is the status of Ontario's borrowing and debt management plan?

A. With a balanced budget, more revenue can be spent on priorities like health care and education, and less on interest. The government has taken advantage of and locked in historically low interest rates, enabling it to cost-effectively manage debt and reduce refinancing risks.

Ontario's debt-to-GDP ratio indicates its ability to pay back debt by comparing what it owes to what its economy produces. Ontario's economy had a nominal GDP of almost $800 billion in 2016.

The balanced budget and the government's continued focus on capital investment will add to economic growth, resulting in GDP growing more quickly than debt, helping to lower the net debt-to-GDP ratio to the government's pre-recession level of 27 per cent. In the balanced 2017 Budget, the government is setting an interim target to reduce the net debt-to-GDP ratio to 35 per cent by 2023-24.

We are building schools, hospitals and transit, creating jobs and strengthening our communities. These are smart investments. For every dollar invested in infrastructure today, real GDP can increase by nearly $6 in the long term.

Q35. How do you plan to shrink the net debt-to-GDP ratio to pre-recession levels?

A. As of the end of March, Ontario's net debt is projected to be $301.9 billion — $6.4 billion lower than forecasted in the 2016 Budget.

That's why we are setting an interim net debt-to-GDP ratio target of 35 per cent by 2023–24 and continue to maintain a target of reducing the net debt-to-GDP ratio to its pre-recession level of 27 per cent, currently projected to be achieved by 2029–30.

Q36. Why is the government adding $9 billion in new debt each year?

A. With our balanced budget, debt will no longer be incurred to cover operating costs.

With a balanced budget, money borrowed will go towards investing in public infrastructure like hospitals, schools, transit and transportation.

Debt is incurred primarily for two reasons: to finance deficits and invest in building capital assets. A balanced budget means the government no longer needs to borrow to pay for its operating costs and can focus its borrowing for capital investments — which spur economic growth and improve quality of life for people today and future generations.

When the global economic recession hit we made a deliberate choice to invest in our economy while protecting vital public services like health care and education.
We also set out a realistic and responsible approach to return to balance by 17-18, and in the coming weeks, our government will deliver on its commitment to balance the budget.

This approach has enabled us to balance while making the largest infrastructure investment in Ontario's history

We are building schools, hospitals and transit, creating jobs and strengthening our communities. These are smart investments. For every dollar invested in infrastructure today, real GDP can increase by nearly $6 in the long term.