MMP: 2017 Document – Fiscal Update and Key Decisions

Draft – February 8, 2017 2:00 PM

Introductory Remarks

[Minister Sousa]

- Premier – as you know, when we met last month **we spoke about the best approach to reconciling our commitment to balance the budget** and remain balanced **while continuing to invest in our priorities.**

- We just talked about one of the most important area for priority investment – electricity relief. We know this will need to be a central part of the upcoming Budget and the fiscal plan moving forward.

- As we move into the next part of the agenda this morning, we're going to need to spend time discussing the priority areas that we need to invest in. But before we get to that, I want to ensure that we have **agreement with respect to the fiscal anchors that will provide the framing for everything else in the 2017 Budget.**

- We have been **reaffirming our commitment to balance** the budget by 2017-18, **over the last seven years.**

- This means **we have no choice but to show that we are doing this. *And*, to be credible**, we should **consider publishing balanced fiscal targets for the next two years** as well.

    - Crossing the finish line "for a moment" will not be sufficient. We need to show that we have moved into a period of balanced budgets.
    - These out-year targets could always be revisited during the 2018 Budget process.

- So I'm hoping to get confirmation today that we **all agree** that in a couple of months, I will be tabling a budget that is balanced in **all years**.

- When I look at the numbers today, I'm confident we can get there in 2017-18. We will need to still make some choices and trade-offs, but hitting our target in that year, while making some clear and early investments in our priorities, is within reach.

- The challenge however, is that, <u>**beyond 2017-18**</u>, **making all the new investments at their full impact** will **not be possible without aggressive action on new revenue measures *and* spending constraint**.

- You may recall that **last month we discussed the growing fiscal gap,** particularly in the out-years, as a result of downward revisions to the revenue forecast and the potential impact of new priority investments and ministry pressures.

    - The direction we are choosing to take on **additional electricity price relief** is primary to **determining the extent to which this gap widens or gets smaller.**

- There are a **number of revenue and expense tools** at our disposal that **could be considered as part of our strategy to continue to invest in priority areas while closing the fiscal gap.**

    - Today will be an opportunity to confirm **which of these are viable options** that we should continue to pursue **and which are non-starters.**

- I am hopeful that today we can build on progress made at our last meeting to develop a path forward whereby, with some hard work and a balanced approach to new investments, we will publish the Budget plan we committed to while continuing

to make priority investments most important to Ontarians.
[I'll now turn it over to Minister Sandals]