

Remarks for the Hon. Jim Bradley, MPP

Post-Budget Keynote Speech

St. Catharines-Thorold Chamber of
Commerce

Friday, March 26, 2010

Check against delivery

- Thank you Rob (DePetris) for that kind introduction.
- It is indeed a pleasure to be with you this very early morning to discuss highlights of the Ontario's 2010 Provincial Budget.
- I would like to thank the St. Catharines-Thorold Chamber of Commerce for their invitation to be here with you.
- ***Recognize Elected Officials*** - Mayor McMullan and Mayor Hodgson
- I am pleased to see so many familiar faces representing a variety of Niagara's business and community sectors in the crowd.

- Together, you are the backbone of our economy, Niagara is growing and prosperous because of your important contributions.
- As business leaders in Niagara, you play a key role in attracting and retaining the best and brightest.

State of the Economy

- Yesterday at 4:00pm, Ontario's Minister of Finance Dwight Duncan delivered our government's 7th Budget.
- As many of you in business and non-profit sectors well know, 2009 presented a number of key challenges to our economy.

- Like jurisdictions around the world, our province has felt and continues to feel, the negative affects of this downturn.
- We have seen a deep, significant recession that was felt in every corner of the globe.
- We are seeing signs of recovery, things have improved and we are cautiously optimistic.
- But we are not in the clear yet.
- Ontario's economy and indeed the Canadian economy as a whole, are entering crucial periods of adjustment and transition.

- A strong Canadian dollar flirts with parity with the U.S. dollar as the days pass, impacting U.S. demand for Ontario exports.
- We all know the role that American markets play in the Canadian economy.
- Those of you in business know better than most, particularly those of you in the manufacturing and export sectors, that a weakened U.S. economy has and will continue to take its toll on us.
- However, challenging times require governments to act, and that's what our government has done and will continue to do.

- The Government of Canada has projected a deficit of \$27.6 billion in 2011-2012 and will continue to run deficit budgets well into the future.
- We are in a sensitive economic time that requires difficult choices and targeted spending.
- Minister Duncan has outlined a plan to move forward, building on the foundation our government has established to grow our economy.

Equalization

- As start to emerge from the global recession, we are reminded once again of the effect equalization payments have had on Ontario's economy.
- In a recent report by the Frontier Centre for Public Policy, they conclude that "levels of government services in donor provinces such as Ontario and Alberta are significantly below those that exist in major recipient provinces".
- That means that many other provinces enjoy, courtesy of Ontario taxpayers, lower tuition at post-secondary institutions, more day care spaces, more

public servants, nurses, doctors, teachers and long-term care beds per capita.

- Ontario contributes more than \$20 billion to the federal government in transfer payments destined for other provinces.
- Quebec for instance, is the largest recipient of equalization payments, getting almost \$8.4 billion from donor provinces, an increase of 74% over the last 4 years.
- In the Maritime provinces, federal transfers make up about one-third of provincial revenue.

- While Ontario did receive equalization payments for the first time in 2009-2010 (\$347 million of \$14.2 billion paid out), the Frontier Centre concludes that Ontario is still a "have" province because it still contributes substantially more than it receives.
- Until this transfer system is rectified, we will continue to have our budgets limited by forces outside of our control.

Budget Overview/Highlights

- The 2010 Budget strikes a balance between protecting the progress Ontarians have made in schools and

- hospitals, and eliminating the deficit caused by the global recession.
- Yesterday, the Minister of Finance revised the forecasted deficit to just over \$21 billion, an improvement of more than \$3 billion from the deficit forecast published in the 2009 Fall Economic Statement.
 - The improvement is largely due to economic recovery that has exceeded expectations, and expenditures that have been lower than we had anticipated.
 - We have taken necessary steps to create jobs, bolster our industries, and

make Ontario more competitive, while preserving the kinds of public services that Ontarians value.

- Minister Duncan outlined a plan to get Ontario back to balanced budgets.
- We are not in deficit because we want to be.
- No government wants to be in this position.
- But we are doing what countless other governments around the world are doing, and that is positioning ourselves to come out of this recession stronger and more prosperous.

- We will not put economic growth at risk by cutting too much, too soon and risk threatening job creation and growth.
- Nor will we proceed with spending as if there is no deficit.
- We will continue to make responsible choices for Ontarians - at times, those decisions will be difficult choices.
- The best way to overcome the challenges of this global recession is by building a powerful Ontario economy.

Open Ontario

- The global economy that is emerging from this recession is different, and we must make changes that will prepare Ontario to compete in the global economy.
- Our new, five–year Open Ontario plan is all about creating new economic opportunities that will make us more open to new ideas, new jobs, new people, and new investment.
- But creating new opportunities through jobs and growth means having a plan to eliminate the deficit gradually and

responsibly, with targeted and restrained spending.

- As part of Open Ontario, we will work with the federal government and other provinces to make Ontario as competitive for business as possible, bringing as many economic advantages as possible with new trade and investment agreements.
- In this emerging economy, we know that businesses need every opportunity they can to access new markets.
- We will actively participate in negotiations of a number of trade agreements providing Ontario's

exporters with greater access to new markets around the world.

- The Ministry of Economic Development and Trade will establish an Economic Development Office in Washington to strengthen the linkages and interests of Ontario's businesses in the U.S.
- We are moving to further strengthen our businesses and
- Over the next 5 years, we will reform Ontario's tax system to make it much more open and attractive for businesses to invest and grow here.
- That's what the HST and the large cuts to small business and personal income

taxes are all about – making Ontario business attractive for investment.

- Harmonizing the sales tax has been identified by a number of economists as the single most important thing we can do to prepare Ontario's economy for job creation.
- Research from Atlantic Canada showed that a single sales tax led to an increase in investment in manufacturing and equipment by 12 %.
- That kind of investment will certainly help Ontario's economic recovery.

- RBC's recent *Provincial Outlook Report* predicts the introduction of the HST in Ontario on July 1 of this year, will be "possibly the biggest policy event to occur in 2010".
- They conclude that "although the HST will result in certain currently exempt products and services being taxed, moving to a value-added tax structure will make the tax system more economically efficient and will improve the competitiveness of Ontario businesses by lowering the cost of doing business in Ontario".

- Many analysts have claimed the price of doing nothing would amount to a loss of 600,000 jobs for Ontarians.
- We simply can't accept that.
- We need our businesses strong and our communities stronger.
- The Plan has cut personal income taxes for 93 % of income tax payers.
- It enhances sales tax credits and property tax credits for low- to middle-income families and individuals, starting in 2010.

- For business, it cuts corporate income taxes, including reducing the small business income tax rate from 5.5 % to 4.5 % on July 1, 2010.
- It provides, along with the targeted tax measures announced in the 2009 Budget, more than \$1 billion in tax relief over three years, beginning in 2010-11, to support small businesses.
- It provides eligible Ontario residents up to three Sales Tax Transition Benefit payments totalling up to \$300 for single people and up to \$1,000 for families and single parents.

- To ease in the transition, we are sharing more than \$4.2 billion in transition assistance to eligible Ontarians, helping 6.6 million Ontario families and single people adjust to the HST.

Moving the Economy Forward

- We are committed to continuing our \$32 billion infrastructure investment for roads, bridges, transit, energy retrofits and other stimulus projects over the next two years, to stimulate economic growth and help Ontario families.

- Infrastructure investments are putting Ontario to work and making businesses grow.
- The Conference Board of Canada concluded in its recent *Provincial Outlook Report*, that “Ontario’s increased infrastructure spending preserved about 70,000 jobs in the province last year and added almost a full percentage point to Ontario’s economy in 2009”.
- They also report that in 2009, the Ontario government’s infrastructure spending supported 183,000 jobs in the province, and the figure is estimated to rise to more than 223,000 jobs in 2010.

- Those are jobs that will drive our recovery.
- Jobs that will strengthen our economy and lead us into positive growth.
- Ontario's Second Career Program has seen more than 25,000 workers gain new career training and skills development.
- We will build on that success by providing 30,000 additional Second Career spaces for skills training to help unemployed Ontarians find new and better jobs.
- **Sid Ryan, President, Ontario Federation of Labour said, "We're**

very very pleased that \$600 million is going into Second Career funding”, and “we’re pleased [the government] is putting \$63 million into child care. All of that is helping to protect jobs and create jobs and that’s what we’ve asked them to do.”

- Today, Ontario has more than 120,000 apprentices learning a trade – trades which drive the construction industry and generate economic activity.
- Our government continues to move forward with our plan to help families and businesses affected by the global economic crisis, making Ontario

stronger and more competitive for a prosperous future.

- Together, these measures are making Ontario stronger.

What's in it for Niagara?

- Together, we are making Niagara stronger.
- Record investments across the Region are having a considerable effect on moving our local economy forward.
- Open Ontario is about creating jobs and growth, and Niagara is seeing the benefits of our new Plan.

- In 2009 alone, Niagara's economy got an injection of nearly \$150 million in provincial infrastructure investments.
- These investments continue to be made here this year.
- This injection of economic activity has provided a firm foundation for job creation and has boosted Niagara's economic productivity.
- From highway improvements, such as the 4-laning of highway 406 through Welland and the final stages of the \$153 million QEW expansion through St. Catharines, to parking garages and airport renewal, performing arts and

convention centres, we are seeing tangible results of how Ontario is working for Niagara.

- Last year Niagara saw the much anticipated arrival of GO Transit summer rail service and commuter bus service.
- I can assure you that I will continue to make GO Transit a priority for Niagara, and it is my hope that we will soon see the green and white trains riding the rails through Niagara once again this summer.

- Because services like these generate jobs and economic activity, and that is what Open Ontario is about – creating new opportunities for jobs and growth.
- We are continuing to invest record amounts in health care and education.
- With construction of a new \$659 million NHS hospital complex underway to replace the aging St. Catharines General, our government is giving our residents the health care resources we need for the future.
- 2010 will see an additional increase of \$25 million in operating dollars for the Niagara Health System, resulting in a

\$14 million per year base funding increase to its budget, to provide the quality of care that our residents deserve.

- Also announced in this year's Budget, is a \$100 million investment to further reduce Emergency Room Wait Times at our hospitals, helping relieve increasing pressures.
- Our post-secondary institutions are flourishing with extensive campus expansion taking place at both Brock University and Niagara College, with key pieces such as Brock's Bioscience Research Centre and Niagara College's Applied Health Institute providing the

jobs for today and the career opportunities for tomorrow.

- The 2010 Budget includes \$310 million to fund 20,000 new college and university spaces.
- This is in addition to providing \$155 million in 2009-2010 to fully support enrolment growth at our post-secondary institutions.
- This will be of particular significance to both Brock and Niagara College as details of these programs are released in the coming weeks.
- **Justin Fox, President, College Students Alliance**, remarked: “Today is

a victory for the college and university students of Ontario”.

- We are also investing in full-day learning for 4 and 5 year olds, with a number of schools across Niagara offering the full-day learning this September.
- This means investing \$200 million in 2010-2011 and \$300 million in 2011-2012.
- In 2010, we are stepping in to permanently fill the gap left by the federal government with an investment of \$63.5 million a year to save 8,500 child care spaces; including 200 spaces in the Niagara Region - saving

over 1,000 child care jobs across the province.

- In agriculture, Niagara farmers will benefit from a share of \$9 million over 3 years to promote increased procurement of Ontario products by the Broader Public Sector.
- Because growing our economy is about creating jobs and brighter futures for our communities.
- These investments will keep our communities and our families working and will leave a legacy of renewal and revitalization in our cities to look back on.

Forecast of Growth in Economy

- So far, 2010 has shown signs of growth with increases in jobs and economic activity across Ontario.
- Let me share some of those positive trends with you:
- Ontario's economy gained 7,100 net new jobs in February, following a surge of 30,300 new jobs in January.
- The unemployment rate is dropping, edging down 0.1 % February.
- February saw a gain of 8,600 full-time jobs in Ontario.

- Of particular importance to those of us in Niagara, manufacturing employment in Ontario increased by 12,600 for the second straight month, adding to the positive gain of 8,400 manufacturing jobs in January.
- The Conference Board of Canada estimates that Ontario's economy is forecast to expand by 3.5% in 2010.
- RBC Economics projects Ontario's economy is expected to outpace the national average in 2010 and estimates Ontario's economic growth at 4.1 % in 2011.

- They attribute this to increased housing activity and greater vehicle production which spurred a return to positive growth in late 2009.
- They also forecast that Ontario's construction sector should see a rise in activity in 2010, fuelled by higher capital spending from government.

In the End...

- The 2010 Budget strikes a balance between protecting the progress Ontarians have made in schools and hospitals and eliminating the deficit caused by the global recession.

- While there are clear signs that the Ontario economy has stabilized, and the recovery is taking shape, growth in the economy and revenues alone cannot bring the province back to balance.
- We have a realistic, responsible plan to cut the deficit in half in five years and eliminate it in eight years.
- We are working together to position Ontario as a global economic leader as we emerge from the recession.
- Our success depends on the strength and prosperity of our businesses and our families and we will continue to support ways to make our businesses more competitive and our families more prosperous.

- Once again, I would like to thank the St. Catharines-Thorold Chamber of Commerce for inviting me here today to share a few thoughts on the Budget.
- I would like to thank the Chamber for its commitment to advocating and strengthening our businesses throughout Niagara.
- They have been a strong voice for our community and continue to be a vocal leader in Niagara.
- Niagara is well positioned to emerge as a leader in Ontario in a number of industries and I am confident we will undoubtedly see that in 2010.

- Thank you.