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**Official Report
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(Hansard)**

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des débats
(Hansard)**

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**Standing Committee on
Finance and Economic Affairs**

Progress on the Plan to Build Act
(Budget Measures), 2022

1st Session
43rd Parliament

Wednesday 23 November 2022

**Comité permanent
des finances
et des affaires économiques**

Loi de 2022 sur la progression
du plan pour bâtir
(mesures budgétaires)

1^{re} session
43^e législature

Mercredi 23 novembre 2022

Chair: Ernie Hardeman
Clerk: Michael Bushara

Président : Ernie Hardeman
Greffier : Michael Bushara

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS**

**COMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES**

Wednesday 23 November 2022

Mercredi 23 novembre 2022

The committee met at 0859 in room 151.

**PROGRESS ON THE PLAN TO BUILD
ACT (BUDGET MEASURES), 2022
LOI DE 2022 SUR LA PROGRESSION
DU PLAN POUR BÂTIR
(MESURES BUDGÉTAIRES)**

Consideration of the following bill:

Bill 36, An Act to implement Budget measures and to enact and amend various statutes / Projet de loi 36, Loi visant à mettre en oeuvre les mesures budgétaires et à édicter et à modifier diverses lois.

The Chair (Mr. Ernie Hardeman): Good morning, everyone. I call this meeting of the Standing Committee on Finance and Economic Affairs to order. We are meeting today to begin public hearings on Bill 36, An Act to implement Budget measures and to enact and amend various statutes. Are there any questions before we begin?

MINISTRY OF FINANCE

The Chair (Mr. Ernie Hardeman): Seeing none, I'll now call on the Honourable Peter Bethlenfalvy, Minister of Finance, as the first witness. We also have appearing with us over Zoom the deputy minister, Greg Orencsak.

Minister, you will have 20 minutes for your presentation, followed by 40 minutes of questions from members of the committee. Questions will be divided into two rounds of seven and a half minutes from the government members, two rounds of seven and a half minutes from the official opposition and two rounds of five minutes from the independent members of the committee as a group.

Minister, the floor is yours.

Hon. Peter Bethlenfalvy: Thank you, Chair. Good morning and welcome, everybody. I'm pleased to be here before the Standing Committee on Finance and Economic Affairs to discuss the Progress on the Plan to Build Act (Budget Measures), 2022. As always, I must begin by thanking you, the members of the committee and the Chair. Your hard work and participation are very much appreciated.

Our plan for the people of Ontario, as reflected in the second reading of the Progress on the Plan to Build Act (Budget Measures), 2022, highlights how our flexible and responsible approach is positioning the province to be ready. Since 2018, when our government was first elected,

we've known that smarter and more efficient ways to manage the province's finances were needed. We also knew we needed to invest in the people and economy of Ontario to support our collective well-being and prosperity.

These were tasks we thought were going to happen seamlessly. Mr. Chair, things changed very quickly. As a result, over the past few years, our province and the rest of the world have faced a challenge to our well-being and prosperity unlike any other that we have seen in our lifetimes.

Monsieur le Président, les choses ont changé rapidement. Par conséquent, depuis quelques années, notre province et le reste du monde sont confrontés à un défi qui touche notre bien-être et notre prospérité comme jamais auparavant.

Our resolve as a people and as a province was tested by the once-in-a-generation COVID-19 pandemic. The times were tough, but we stood together, supported one another and got through them. And now, the next couple of years are likely to be marked by ongoing economic uncertainty and turbulence. Our government recognizes this, that the road we are facing could be difficult and challenging. And Mr. Chair, Ontario is not an island. We are not immune to what we are witnessing all across the globe.

In 2022, Ontario's consumer price inflation reached a near 40-year high. Continuing rising prices and an economic slowdown in the near term are very real, and we are suffering from high inflation because of the consequences of a worldwide pandemic. Russia's brutal war against Ukraine has impacted us all, which caused supply chain issues for numerous industries, and commodity prices have been impacted, impacting and fueling inflation. Here at home, we've seen rising interest rates and climbing prices of groceries and other everyday goods. Families, seniors and the hard-working people of the province are feeling put under this financial pressure. That is why we continue to offer meaningful support for workers, families, seniors and communities.

Mr. Chair, instead of delivering broad, one-time support that could risk worsening inflation, our government is thinking strategically and taking a different approach. We have introduced targeted—targeted—and time-sensitive measures that we could build over the long term, maintaining our flexibility as we navigate the uncertainty that lies ahead.

For too many low-income seniors, covering day-to-day costs has become a source of anxiety. That is why we are

proposing to temporarily double the Ontario Guaranteed Annual Income System payment. This would be a temporary measure, for 12 months, and it would start in January 2023. This is a way our government is able to help keep costs down for about 200,000 of the province's lowest-income seniors.

Additionally, to help keep costs down, we are proposing to extend the gas tax and fuel tax cut to December 31, 2023. This would mean households of this province would save \$195, on average, between July 1, 2022, and December 31, 2023.

Mr. Chair, our government understands. Everywhere they look, the people of Ontario see reasons to be concerned about the state of the world and their place in it.

Monsieur le Président, notre gouvernement comprend. Partout où ils regardent, les Ontariennes et Ontariens trouvent des motifs de s'inquiéter au sujet de la situation mondiale et de leur place dans le monde.

That is why our plan is flexible and responsible and focused on positioning the province to manage today's realities. That is why our government continues to offer numerous meaningful solutions to support workers and to support families.

Mr. Chair, instead of delivering broad, one-time support that could risk worsening inflation, our government has a strategic mindset and is taking a different approach. We have introduced targeted measures that we are able to build over the long term, allowing us to maintain our flexibility as we navigate the uncertainty that lies ahead. Let me explain some of these measures.

To help keep costs down for families, in March, we eliminated licence plate stickers and refunded drivers who had already paid the cost. This move results in saving vehicle owners an average of \$120 in southern Ontario and \$60 in northern Ontario every year.

One of the most effective measures we introduced to help cut costs for people every day was temporarily cutting the gas tax rate by 5.7 cents per litre and the fuel tax rate by 5.3 cents a litre. Statistics Canada has said that these tax cuts contributed to the drop in gas prices in Ontario in July, which helped to lower the growth rate of the overall consumer price index.

Another of our measures, the Ontario Childcare Access and Relief from Expenses Tax Credit, is supporting eligible families with up to 75% of their eligible child care expenses. This credit is providing, on average, \$1,250 in child care support for the year. These are targeted measures, and they are helping to keep costs down for families and businesses.

Mr. Chair, Ontario is no exception when it comes to the ongoing labour shortages and supply chain disruptions. The challenges getting goods and services across our province to the world continue to impact Ontario. They're a contributing factor to the higher-than-usual inflation. That is why our government is seizing opportunities every day.

We're helping to develop the Ring of Fire and capitalize on Ontario's critical minerals, which remains a strategic necessity for all of Canada and, I would submit, for the developed world. In fact, a key part of our government's Critical Minerals Strategy is the corridor to prosperity—

the roads to the Ring of Fire. These roads will be crucial for helping bring critical minerals to the manufacturing hubs in southern Ontario, which at the same time is bringing prosperity to Ontario's north. It will also unlock economic potential that has been long awaited by the people of northern Ontario and Ontario writ large.

Our government is also building roads, highways, transit, subways right across the province, so we can ensure people, goods and services can move freely and boost our economy.

We're investing in the province's automotive and manufacturing supply chain, making Ontario a North American leader in building electric and hybrid vehicles as well as battery manufacturing. Through strong and prudent economic management, we can attract investment and remain a leader in steel, in manufacturing and other industries. And, of course, attracting more investment in these industries means we need more skilled workers, something that has been underinvested in for too long.

Our government has provided support so that thousands of workers can train for the skilled trades and rewarding careers—workers who can help build the critical infrastructure our government is investing in. It will happen all across Ontario. As you can see, the measured and sensible approach is supporting workers and businesses in a targeted way. That leaves our government room to build as Ontario navigates these emerging challenges.

Mr. Chair, as the fall economic statement and the bill before us today demonstrate, our government is taking an approach like no other. We're building Ontario's economy by attracting investments and good jobs. We're building Ontario's workforce by ending the stigma against working in the skilled trades. We're building infrastructure for Ontario by getting shovels in the ground on critical projects right across the province, and we're keeping costs down.

Nous bâtissons l'économie de l'Ontario en attirant les investissements et les bons emplois. Nous oeuvrons pour les travailleurs en faisant tomber les préjugés associés aux métiers spécialisés. Nous bâtissons l'infrastructure de l'Ontario en mettant en chantier des projets cruciaux partout dans la province. Nous maintenons les coûts bas, and putting more money back into people's pockets, where the money belongs.

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We're also proposing new targeted measures to advance our plan to build. On this front, we are making changes that would allow a person with a disability on the Ontario Disability Support Program to keep more of the money they earn by increasing the monthly earning exemption from \$200 to \$1,000 per month without impacting their income support. This measure would encourage people with a disability who want to increase their work hours to do so and promote more participation in the workforce while not penalizing them for doing so. It would allow the approximately 25,000 individuals currently in the workforce to keep more of their earnings and could encourage as many as 25,000 more to participate in the workforce.

We are also investing an additional \$40 million, for a total of \$145 million, for the latest round of funding in the

Skills Development Fund. This will help business hire, train and retain the workers who are driving Ontario's economic growth.

Our government also recognizes that there are many ODSP recipients who cannot work and that they need our continued support. That is why, in August, we announced a 5% increase to the ODSP rates, and going forward, we plan to adjust ODSP rates to inflation, beginning in July 2023 so that when the cost of living increases, income support would increase as well.

The skilled trades present an opportunity for a successful career for thousands upon thousands of people, especially high school students. This is why we are investing an additional \$4.8 million over two years to expand the Dual Credit Program to encourage more secondary school students to enter a career in the skilled trades or in early childhood education.

We are also proposing to provide Ontario small businesses with \$185 million in income tax relief over the next three years to support eligible corporations investing in their business, and we're matching property tax reductions for small businesses within all municipalities that adopt the small business property subclass, which will further encourage municipalities to reduce taxes on small business and help their communities grow economically.

Our government is making record investments in the priorities that matter to the people of this province: building infrastructure, training workers and keeping costs down.

Mr. Chair, our government is projecting a deficit of \$12.9 billion in 2022-23—nearly \$7 billion lower than the outlook published in the 2022 budget. However, over the medium term, our government projects declining deficits of \$8.1 billion in 2023-24 and \$0.7 billion in 2024-25. This approach demonstrates our ongoing effort aimed at eliminating the province's structural deficit in the face of numerous challenges over the past couple of years.

Revenues in 2022-23 are projected to be \$186.8 billion. That is \$7 billion higher than was forecasted in the 2022 budget. The increase in revenue is predominantly due to higher than expected 2021 taxation revenues, and this situation will help our government and the people of Ontario, because, as a responsible government, we are making sure that we preserve the flexibility necessary in the case of unforeseen events while continuing to implement our long-term plan to invest in the people of Ontario.

We know the economic road ahead may not be easy for our government or the people of Ontario. In the face of persistent inflation and more economic turbulence, it's critical that our government promote stability by remaining flexible, responsive and strategic. We simply cannot ignore fiscal challenges that may be on the horizon and embark on a massive spending spree. This will only worsen inflation at this critical time, and after unprecedented need to spend in response to COVID-19, now is the time for our government to show restraint. Irresponsible spending today will only make inflation more painful and drag out an economic downturn.

Mr. Chair, I know this is a reality that is causing concern for many people. What I will say is this: There's nothing

we cannot do together, no challenge, no obstacle that we cannot overcome. Our government is focused on always making sure that we keep Ontario in a strong position to manage risks while remaining supportive to the people of this province. Whatever economic uncertainty may bring, our government has a plan.

Our first ever Building Ontario progress report shows many of our government's recent accomplishments, including attracting \$16 billion in transformative auto investments in Ontario over the last two years, to help the province become a North American leader in building electric and hybrid vehicles and battery manufacturing.

We've attracted \$2.5 billion in investments over the past year that will support transformation in the steel sector in Hamilton, in Sault Ste. Marie, and help make the province a world-leading producer of clean steel.

In addition, we've supported an estimated \$8.7 billion—let me repeat that—\$8.7 billion in cost savings, which supports Ontario businesses in 2022, which includes \$4 billion going to small businesses.

We've also added over 11,700 health care workers, including nurses and personal support workers, since the pandemic started in 2020.

We've committed \$25.1 billion in highway expansion and rehabilitation over the next 10 years to connect communities, fight gridlock and keep goods and people moving right across the province.

These are numbers and facts that the people of this province can be proud of, and I am confident the progress on the Plan to Build Act (Budget Measures), 2022, and our fall economic statement demonstrate this government's strong track record and well-considered projections for the future of this province. We are making progress building hospitals, long-term-care homes, schools, subways and highways that this rapidly growing province desperately needs. Across our province, we are working for the people of Ontario in one way or another.

Our responsible, targeted plan is one that demonstrates how we have been able to maintain a strong record of fiscal management while maintaining and remaining responsive to the people of the province. It is the right plan, and it will help families. It will help seniors. It will help workers and small businesses weather the economic challenges that we may face together. We want to get through the uncertain times better and stronger and ensure that Ontario remains a strong destination for people to work and to live and to attract investments.

Under this government, we are building a stronger province—a province with a strong economy and good-paying jobs; a province where everyone can start and grow a business; a province where you can easily learn new skills and seize new opportunities; a province where everyone feels connected through new highways, new roads, more reliable public transit and broadband; and a province where you can build your career and raise your family.

We have a vision for Ontario; this is our vision for Ontario. I acknowledge that the economic challenges will not be an easy road ahead, but by remaining flexible and

demonstrating restraint, we can overcome any challenge to make Ontario a better place. I am confident in our plan and proud of the significant progress our government has made on our plan to build.

Mr. Chair and members of the committee, I thank you.

The Chair (Mr. Ernie Hardeman): Thank you very much, Minister, for your presentation.

We'll now start the first round of questioning, and we start with the official opposition. MPP Fife.

Ms. Catherine Fife: Thanks, Minister, for being here this morning. It's interesting, some of your language that you used in your opening comments, especially around the targeting measures, because on page 72 of the fall economic statement, the government has outlined a fairly new plan for pensions, the target-benefit pension plan framework. Really, this could be very significant for pensioners across the province. One of the reasons why I wanted to raise it here this morning is that it really hasn't received enough attention, I think.

For those of you who haven't read page 72 of the fall economic statement, target-benefit plans are traditionally just that: They're a target, and the target can move if the pension plan does not perform well. So it shifts the risk of the performance of the investment from the employer to the pensioner. Would you agree with that?

Hon. Peter Bethlenfalvy: That's what a target-benefit pension plan is.

Ms. Catherine Fife: That's right. And the target-benefit plan model is growing in Canada. At present, though, only New Brunswick has a full structure to operate target-benefit plans, but in New Brunswick, they're called shared-risk pension plans.

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In New Brunswick—and I think that this is important for us to discuss, New Brunswick's implementation saw the government's defined-benefit systems transition to a shared-risk pension over the last 10 years. But when it was implemented, the New Brunswick government employee pensions were unable to fund full cost-of-living amounts in 2023, so it actually did not achieve what it was intended to because of the market, because the shift was put over to the pensioner. In fact, there's a legal challenge in New Brunswick because of these target pension plans. Unions there have noted that the pension plan model shifted the risk of bearing financial market volatility almost entirely onto plan members, and they outlined that their right to free and collective bargaining was violated in doing so.

I know that the government just had to repeal Bill 28 because free and collective bargaining was overridden. I guess my question to you as the finance minister and the deputy minister is: As you put this target-benefit pension plan into the fall economic statement, did you consider the impact on the pensioners, shifting from a defined-benefit plan, where the base monthly pension is promised and known, to a target-benefit plan, where the pensioner assumes the risk, to the benefit of the employer? Have you done some analysis on how that will impact pensioners across Ontario?

Hon. Peter Bethlenfalvy: Thank you for the question and the preamble to that question. I'll start with New Brunswick, then I'll move to the target-benefit plan, and then I'll pass it to the deputy for some of the specifics.

As I'm sure you know—and it's a great book by Jim Leech and Jacquie McNish that highlights the New Brunswick situation, which was a defined-benefit plan—through a lack of oversight in governments, the defined-benefit plan was not fully funded, so they had a real problem in New Brunswick. I'm sure you're an expert on that, a very different situation than target pension plans here in this province.

Now, target pension plans are used by employers right across the province to attract talent and contribute into a pension plan for the future. This framework was put in place by the previous government. There has been an accumulation of assets and a requirement by—I believe it's July 2023; the deputy will correct me if I'm off by six months or so—for getting our framework in place.

And what will this framework do? This framework, which was, by the way, asked for by all the employers and all the unions—they are the ones that are asking for this framework—is to provide transparency, to provide more information and a framework, which they've been asking for for years and years and years, which predates our government. We're actually moving on this framework. We committed to doing that. I've highlighted a path forward.

There will be broad consultations. To the member opposite, I would suggest a welcome to be part of those consultations, because the input will be absolutely critical to making sure we've got a framework that can stand the test of time. I would also add, again, that this is something that we've been asked for by the unions, by the workers, by the organizations, to provide clarity. Of course, that's why unions such as LIUNA are supporting and endorsing this wholeheartedly as we move forward.

Deputy, I'll pass it to you for some more details on the measures that we're taking to move forward on target benefit plans.

The Chair (Mr. Ernie Hardeman): Deputy, before you begin, if you would just introduce yourself for Hansard to make sure we have it on the record.

Mr. Greg Orencsak: Great. Hi. Good morning, committee members. My name is Greg Orencsak. I'm the Deputy Minister of Finance. Thanks for the opportunity to speak to this and just to complement some of the minister's remarks.

A few things, MPP Fife, to keep in mind: These pension plans already exist, so it's not about moving people from a defined-benefit plan to a target-benefit plan. We're talking about existing pension plans with existing members. This government and past governments have been consulting on the implementation of a permanent target-benefit framework to enable these plans to continue to operate, and we'll be having consultations in respect of some of the details around that.

The Chair (Mr. Ernie Hardeman): One minute left.

Mr. Greg Orencsak: One of the existing legislative provisions in the Pension Benefits Act relates to having all plans establish written funding and governance policies.

Those funding and governance policies are obviously really critical in respect of transparency for members and to be really clear about the rights and responsibilities of employers—

Ms. Catherine Fife: Thank you, Deputy Minister. I just want to know which other unions asked for this, because you had mentioned LIUNA. What other union members asked?

Hon. Peter Bethlenfalvy: We'd have to get back to you on the record there. I know that this has been, as the deputy just mentioned, an ask for a number of years and a legislative requirement under the Pension Benefits Act.

Ms. Catherine Fife: And is there anything—

The Chair (Mr. Ernie Hardeman): That concludes the time for this round.

We'll now go to the independents. MPP Bowman.

Ms. Stephanie Bowman: Thank you, Minister, for your remarks this morning. I wanted to just come back to the overall outlook going forward in 2024-25. Your fiscal economic outlook shows medium-term house spending going up about 6% in 2024-25 and yet the assumptions for CPI are about 2%. So I wondered if you could comment on the reason for health care spending not keeping pace with inflation at that time.

Hon. Peter Bethlenfalvy: Thank you for the question. What we've done is we've front-loaded a heck of a lot of health care expenditures to make sure that we build the hospitals, that we get the HHR in place, that we get the oversight in place, that we do a number of things to deal with the lingering affects of COVID, the surgical backlogs. Those are expenses that are built into increasing the funding as I think we highlighted in the fall economic statement and the budget for health and long-term care, an increase of \$5.6 billion over last year. By the way, that's independent of the \$6.9 billion we initially set aside for one-time COVID funding. So it's not only a permanent increase for health care funding at \$5.6 billion but an additional, for this year, \$6.9 billion, which, I believe, is now at \$7.5 billion that we've allocated. So we're making sure that we make those investments now.

I get asked the question, "Why is there no new money in the fall economic statement?" Because we didn't wait for the fall economic statement. When I tabled the budget in April, we highlighted—in fact, I'll go even back to March, when my colleague Prabmeet Sarkaria tabled the plan to stay open, a very robust plan to invest in our health care system with new policies and funding. That's where, for example, we funded \$342 million to support increased training so that PSWs can do some of the work that practical nurses and registered practical nurses do for registered nurses, so the upskilling right across the health care work scope of practice. So we made those investments in the plan to stay open, and then in the budget, which I tabled in April, the \$5.6 billion—which we recalled the Legislature in August to pass. So we're front-loading and making a number of these investments now, not waiting for 2024-25 and, of course, we'll address, if we need to make additional funds in 2024-25 or we'll take stock of the situation then.

Deputy, would you like to add anything to that response?

Mr. Greg Orencsak: Just one quick comment: I think, in terms of the health sector spending, page 8 of the fall economic statement lays out those numbers, and you will see that health sector spending going from \$69.6 billion to \$75.2 billion. That's an increase of 8%, MPP Bowman.

Ms. Stephanie Bowman: I'm talking about looking out into the 2024-25 year where it's not keeping pace with inflation. I'm just wondering about the implications, I guess. I appreciate the government's comments around increasing health care spending now, but we know we have crisis now. I won't dwell on that.

The other thing I would just ask is around transparency overall. We had a report on August 10 when the government said the deficit would be \$13.5 billion; the public accounts showed the deficit being \$15.6 billion lower. Now, the outlook says the deficit for this current year will be \$12.9 billion. That's only four months away. The FAO says there will be a small surplus. Who do we believe?

0930

Hon. Peter Bethlenfalvy: Believe the Auditor General—

The Chair (Mr. Ernie Hardeman): One minute left.

Hon. Peter Bethlenfalvy: The Auditor General, who looks at our numbers—and as you've heard me say many times, I take great pride. You're a former board member. You know the audit and risk committee, having an auditor look at your books and say, "These are a reflection of the true financial picture of the province." And getting five clean opinions in a row matters.

Being out every 90 days—as we've seen in previous administrations, not out every 90 days, sometimes not even a press release on results—is critical, getting the pre-election budget reviewed.

I would add a couple of things. I'm sure you've looked at every province and the federal government as well and seen the delta between what they thought their deficit was going to be and what it actually was—a significant variance. Why is that? We're all in a period of a really unprecedented economic situation where we've just come through two years of COVID—

The Chair (Mr. Ernie Hardeman): We'll have to hold off for the next round, Minister.

We now go to MPP Crawford.

Mr. Stephen Crawford: Good morning, Chair, colleagues, Minister and Deputy Minister as well. Thank you for coming to present today.

I'd like to start off with—I think there's a general consensus that there is a labour shortage in the province of Ontario. We probably all experience it, whether it's the high-tech sector or whether it's restaurant hospitality. It's really across a broad spectrum of different sectors and different qualifications.

My question to the minister is, what is the government doing to ensure that we can get industry the employment they need? We're having large investments from electric vehicle manufacturers here. We have a lot of other potential companies looking to invest in Ontario. We need to have the labour pool for those companies. What is the government doing to ensure that we can meet the demands of those employers?

Hon. Peter Bethlenfalvy: It's a great question, and thank you, MPP Crawford, for that question.

It's something that I've been passionate about for over a decade. I remember giving a speech to the C.D. Howe Institute in 2010. I talked about this issue, both from a labour point of view and our health care point of view, and the fiscal implications, meaning that it's not about ideology. It's about looking at the numbers. We have an aging population. We have a number of nations that the birth rates are low in and the labour pool is shrinking. The offset to that is immigration. One of the big highlights in just looking at that is we have more jobs than we have people. That's going to continue as we have an aging population.

One of the ways you offset that is through immigration. So we've been at the forefront of calling on the federal government to—working on the Ontario Immigrant Nominee Program so that we can have a greater say on the labour and the skills that come into this province. After all, we know what we're building in this province. We know what types of skills—it could be health care workers, education workers, skilled trades. That's an important part.

We also know that, as these people come—and we've seen the federal government increase the target for new Canadians to 500,000, some 300,000 will end up in Ontario. Where are they going to live? Where are they going to have schools? Where are they going to get their health care?

So we have an aging population and a growing population. That's why it was so critical that we make investments in our labour. That's why, in fact, well before, a couple of years ago, I started putting a lot of money into skills development, along with Monte McNaughton, really turbocharging the investments to help retrain and reskill. You hear people talking about it all the time.

But the specific programs to actually fund that, and the skills development, doing it in partnership with the labour movement so that they're a partner—in fact, driving the skills development, because they know how to train. I was at a plant at a training centre last Thursday with Monte McNaughton and eight labour unions. I was a glazier for a few minutes, learning how to glaze glass. There are so many skills.

One of the women who was there who got retrained, she was in a bar as a bartender during COVID and lost her job because of the shutdowns. She's now a steam pipefitter. She loves her job. This is the way of the future, that we can retrain, we can reskill.

The Skills Development Fund has retrained almost 400,000 people. Think about that: Of a workforce of about seven million or eight million people in this province, 400,000 have been retrained and reskilled for the jobs of tomorrow, the jobs that employers need, the jobs that we have to build Ontario so we can welcome growth in this province, so we can welcome new Canadians—like my family, who came here. You've all heard about my family, I think, because I've told it so many times.

They're starting earlier in high school with the Dual Credit Program. We're investing \$4.8 million over the

next two years so people who take the skilled trades courses—or the early education courses if they want to become early educators—that those credits will count when they get a diploma after high school, or a college degree, that those credits count so they can get to the career that they want earlier and they get credit for that in Grade 10.

I'll also mention the labour for our health care system. That's why I put in the budget \$4.9 billion—I think it was two budgets ago—to hire 27,000 personal support workers and nurses. The funding is there for HHR, but if you don't build long-term-care facilities—and frankly, the previous government did not build long-term-care facilities. You don't need people if you don't build them. You don't need educators if you don't build schools. The previous government shut down 600 schools. Well, you don't need more education workers, you don't need more early educators, you don't need teachers, if you're closing down schools.

Not only are we building schools—thank you, MPP Crawford, for the question—but you've got to have the labour. What's your vision for the labour? It's immigration, it's supporting the retraining, it's supporting the hiring and making sure that we think a little bit down the road.

Mr. Stephen Crawford: That's great. I think it's obviously an important issue in the province. For us to continue to grow, we need that labour pool. It's great to see the government is moving ahead with some programs. Chair, how much time do I have left?

The Chair (Mr. Ernie Hardeman): Just less than two minutes.

Mr. Stephen Crawford: My second question will go to a different segment of the population. I'd just like to get an understanding from the minister, in this budget, what the government is doing and what the government is encouraging in terms of helping people with disabilities and perhaps low-income seniors as well. Perhaps you could give us some insight.

Hon. Peter Bethlenfalvy: A very important question. Many people in this province, through no fault of their own, either can't work or can't have full-time hours. For those people who can't work, we've increased the payments on the Ontario Disability Support Program by 5% and we've done something that no government before—

The Chair (Mr. Ernie Hardeman): One minute.

Hon. Peter Bethlenfalvy:—since the implementation of this program, has ever done. By the way, that 5%—look at the increases over the last 10 years; I'd go even longer. That's more than double, the highest increase over the last 10 years. But we're indexing it to inflation.

Think about the last 20 years. No government took action. It's this government that took action to index it to inflation. But I think, as you're highlighting in the fall economic statement, MPP Crawford, the opportunity to keep more money for those with a disability who want to work—and there are many; we've all met people. The pride to have a job and a commitment, to be able to keep more money by increasing the earnings exemption from \$200 to \$1,000 a month with no impact to their benefits,

where they can have more money back in their pocket—I think it's the right thing to do and we're the first government to do it.

By the way, I'll tell you, I got so many great supporting comments. I'm thinking of one guy—well, I'll save it for the next round.

The Chair (Mr. Ernie Hardeman): Hold that thought for the next round. Thank you very much. That concludes that time.

We'll now go to the second round, and we'll go to the official opposition. MPP Kernaghan.

Mr. Terence Kernaghan: Thank you, Chair, and thank you, Minister, for your presentation. I think we can all agree that a strong and properly and publicly funded health care system is a key economic driver. It makes Ontario an attractive place to invest.

Now, we've seen that this government is sitting on a \$2.1-billion surplus, and the Financial Accountability Office estimates that there will be a \$6.2-billion health care funding shortfall.

Just recently, a children's hospital in London announced that they would be cancelling surgeries for children. This government also does not have a health care human resources strategy, as recommended by front-line workers and was a motion brought forward by the official opposition, which unfortunately was voted down by this government.

We also noticed that in this fall economic statement there's no staffing plan to get to four hours of care for our seniors in long-term care. The RNAO estimates that 59% of their members are wanting to leave the profession altogether and 95% of them want to leave their current assignment.

0940

We see investments in this budget in furniture; we don't see investments in human resources. We also see some claims about the number of staff that have been hired, but have you been tracking people who are leaving the health care profession, Minister?

Hon. Peter Bethlenfalvy: Thank you, MPP Kernaghan, for the question. First off, on the surplus—on the first part of your question—as you would well know, that's built up over a 12-month period that ended March 31, 2022, so over six months ago, for a period of 12 months. It's a point in time, and it's reflecting the bigger bounce-back from COVID and higher inflation. And we're in a different environment now. Inflation's coming down—still too high—and also economic uncertainty.

You've seen our forecasts, which are based on private sector forecasts. For example, in 2023, we expect real GDP, based on those private forecasts, to be 0.5% for the year. I'm sure you would agree that we have to be ready for, as I said in my remarks, anything that the economic environment—which is not generated by ourselves; that's generated by global events that we may face.

With regard to staffing, let me address that, because, first of all, as you well know, and as I just said, you don't need to staff anything you don't build. If you don't build long-term-care facilities, you don't need staff. If you don't

build hospitals, you don't need staff. If you don't build schools, you don't need staff.

So let me talk about health care, because you've mentioned that, and the human resources strategy for that. As I've said, the four hours standard of care, which is the highest in Canada—no other province has targeted four hours. We've started to move up. As you well know, it's already started marching towards that four hours of care. You can only do that if you hire personal support workers and nurses.

Let me give you a very specific example. In the region of Durham, right next door in Ajax, in the Ajax-Pickering Hospital, we built a long-term-care facility in 13 months. Think about that: 13 months to build 320 modern beds, with a renal dialysis capability and a behavioural unit in the building right next to the hospital for a campus of care—320 beds. The previous government, which your party supported from 2011 to 2014, built zero new beds in Pickering, zero beds in Ajax. Well guess what? You don't need a personal support worker if you build zero beds. There was no foresight. There was no investment in infrastructure.

Well, guess what? Those 320 beds are full. I received very great and complimentary letters—

Mr. Terence Kernaghan: And let me guess: Those were beds that were created for the private, for-profit industry.

Hon. Peter Bethlenfalvy: Administered by the hospital. It's administered by the public sector, and the difference to the 320 families, which I've felt personally, has been dramatic. It's fully staffed with personal support workers and health care workers. So the funding is there. The building is getting done and the actual staffing of those buildings.

We don't live on an island here in Ontario. Everyone is facing the health care pressures. But we've seen a record amount of nurses registered in this province this year. We've seen—

Mr. Terence Kernaghan: Leaving the profession? Have you tracked those numbers, Minister?

Hon. Peter Bethlenfalvy: In parts of the health care profession. And I think you should ask the Minister of Health that question.

We are getting more foreign-credentialed health care workers working with the colleges of nurses and physicians accredited. In my own riding, a Nigerian doctor with his wife from Botswana, a public health nurse, can't work here in Ontario, because they told me it's too hard to get accredited. The costs are high; the barriers and the hoops they have to go through are significant. Is there anything we could do? And I said, "Well, our Minister of Health is working with the colleges to streamline that." So I'm not an expert; I don't know if they're qualified. But my bet is, they are qualified. They want to work in this province, and that's important to get that done.

Also, the 5,000 retired nurses—I've talked to many of them. The hoops to get back into—

Ms. Catherine Fife: Thank you very much.

Hon. Peter Bethlenfalvy: —are significant.

Ms. Catherine Fife: You are getting going, I can see.

On the staffing issue, I don't know if you had a chance to read the Hamilton Spectator editorial earlier this week, but it reads as this:

"You probably know that nurses have left hospitals by the thousands. What you might not know is that the nursing staffing shortage is forcing hospitals to use private agencies to provide nursing staff. Or that the nurses employed by such agencies earn considerably more than nurses in the public sector"—but still paid by the public sector. "Or that agencies themselves then charge a premium for their services which hospitals have to pay. So rather than give nurses a decent wage increase that keeps pace with inflation, the government is forcing hospitals, which are already strapped, to pay a premium to cover staffing shortages that the government, in part, caused."

My question for you is on Bill 124. Have you costed out the impact that it's having on the human resources crisis in our hospitals—because that is real—and have you done any deliberations with the deputy minister or with the health minister around what it would cost the province to repeal Bill 124? Because right now, with Bill 124 still on the books, capping salaries at 1% or freezing salaries, this is having a negative impact on our hospitals and it's actually costing the province more money, because agencies are doubling the rates that those agency nurses get.

This is fiscally irresponsible, Minister. Have you given some analysis of what it would cost? I know if you lose in court it's going to cost \$8 billion—that's the estimate—but have you, as the finance minister, done an analysis of the negative financial impact of Bill 124 on the province of Ontario?

Hon. Peter Bethlenfalvy: With respect, MPP Fife, it seems the only solution the opposition has is to repeal Bill 124, and frankly—

The Chair (Mr. Ernie Hardeman): That does conclude the time.

We'll now go to the independents.

Ms. Stephanie Bowman: I'd like to come back to the medium-term outlook for the year. Minister, I appreciate the clean audit opinions. I certainly understand that. I also understand that the Auditor General believes that the revenue forecast from taxes is too low and that contingencies are unusually high. I want to come back to your confidence in the outlook for even this year. How confident are you and what do you want to bet in terms of your outlook for 2022-23, with a forecasted deficit of \$12.9 billion?

Hon. Peter Bethlenfalvy: I have the same crystal ball you have. I don't know how confident you are in your crystal ball, but I think the important thing to do—because certainty is not part of the future; it's always uncertain—is to have a plan and to have the ability, regardless of what may come, to be able to have some prudence built into a fiscal plan and to have flexibility within the plan.

Let me address the two issues you raised. The corporate tax revenue—which you would know, as a financial person—is the most volatile of any tax revenues that we see. By the way, you also know that some of the taxes are

collected by Ottawa. That was outsourced many years ago by—I believe it was the previous government, certainly on the HST and, of course, personal income taxes. So we're the second-order receiver of those tax returns. We have worked with the Auditor General, because the challenges with Ottawa and the data set coming from Ottawa—I'll let the deputy expand a little bit in a second on what he considers to be the best practice and maybe the best approach to corporate tax revenue forecasting in Canada. That's an important point.

With regard to contingencies, I think I would challenge the FAO, as I have publicly. He said that we're in a relatively stable economic environment. I would challenge that statement. I also would challenge his forecasts on the economy, which are a bit rosier than ours, which were used to inform the fall economic statement, which in fact are a reflection of private sector forecasts and taking the average of experts in the private sector.

With regard to the contingencies that you've highlighted now and before, I think it's absolutely prudent to have contingencies, given the level of uncertainty and volatility in the global market. I've been in the private sector for almost 40 years now. I've seen economic cycles, I've seen markets go up and down, but this is a pretty unprecedented time, with a lot of uncertainty.

I'll take you back to 2008-09 and the Liberal government of the day, which put in increased contingencies in the face of pretty uncertain financial times at that point in time. I think it's the prudent thing to do. It's the right thing to do. My crystal ball isn't any better than anybody else's, but I do know that having a plan and being able to pivot and being flexible and responsible is absolutely critical.

With that, I'll pass it to the deputy.

0950

Mr. Greg Orencsak: In terms of tax revenue forecasting, the federal government collects the province's corporate and personal income taxes and—

Ms. Stephanie Bowman: I'd like to interrupt—sorry, Deputy. I understand about the collection. That's really not what I'm getting at. I'm really getting at the kind of underestimating of the actual amounts, not the collection. But let me move on to another question.

The services expense across the finance ministry is approximately \$237 million compared to an estimate of \$204 million in 2021-22, which is an increase of about 16%. I'm wondering if the minister could talk about some of the key services that make up that amount, the reason for the increase and if you could talk about—

The Chair (Mr. Ernie Hardeman): One minute.

Ms. Stephanie Bowman: —how you're ensuring that the procurement process for those providers is appropriate.

Hon. Peter Bethlenfalvy: Well, I'll start off, and I am going to pass it to the deputy, because he's the deputy in charge of those numbers.

I will say this: The department of finance has led the way within government to being efficient, to modernize, to invest in technology to make processes more effective and more efficient. It has been very prudent on the head count side. And, of course, there are lots of puts and takes

within the expenditure lines, as there were when I was the President of the Treasury Board.

I'll pass that to the deputy for some more specifics on the finance budget.

Mr. Greg Orencsak: In terms of the services line that you may be asking about—and that's not in the fall economic statement or the fall bill, but we deliver a number of services to Ontarians. We still have a tax collection function—

The Chair (Mr. Ernie Hardeman): Thank you very much for that. That concludes the time for that questioner.

We'll now go to the government. MPP Byers.

Mr. Rick Byers: Thank you, Minister, for your presentation this morning. I appreciate very much your document—you were talking about skilled trades before, and there they are on the cover of the fall economic statement.

I wanted to understand a little bit better your focus on the economic assumptions in the statement, as well as the recession outlook. This fall economic statement came at a volatile time and, obviously, in chapter 2, you outline in good detail your assumptions there. But I want to understand better how you looked at it: the economic assumptions made by the ministry versus the private sector, how you assess those risks, and the outlook going forward and the economic risk facing our province.

Hon. Peter Bethlenfalvy: Thank you for that question, MPP Byers. I'll start with the process to making the forecast. We have an economics team within the Ministry of Finance and they work very closely with the private sector. So we moved to a model many years ago to take the best inputs and minds that the private sector could offer in the economic world to build up some of those assumptions, be they real GDP, nominal GDP, employment, housing starts. So that's how we inform the fall economic statement. And, of course, taking the average and taking out the highs and lows so it's statistically a fair way to look at that is the process that we take.

One of the reasons that I got into politics, apart from the fiscal situation—the unprecedented debt that was accumulated over 15 years; watching that, the debt-to-GDP just grow and grow, and I say to myself, “What are we getting for all this extra debt? Are we getting the physical assets, the infrastructure, the health care, the roads, the public transit?” And, I would submit, I didn't see a new subway stop built, or very few. I saw gridlock. Even worse, I saw our economic growth decline, as we saw manufacturing jobs leave this province in droves. Our economic competitiveness is absolutely critical to the viability of this province, both fiscally and to be able to fund the critical services like social services, like education, like health care, like post-secondary education. And without a strong economy, you'd have to rely on tax increases or deep spending cuts, and that's not the path that this government has chosen. We've chosen to grow the economy and grow the jobs and grow the wealth of this province, and share that for our health care and our education and the benefit of families.

The economic vision for this province is absolutely critical to generating a province that we can all be proud

of. We used to be the engine of Confederation. What happened? I think it's—and everyone on this committee would know that the OECD, when they look at 38 developed countries in the world and they say, “What are their GDP prospects over the next 10 and 30 years?” Canada ranks 38 out of 38, and Ontario is 40% of that country. We need to wake up and realize that we have an economic challenge. That's why our government, since day one, has been focusing on cutting red tape, attracting capital to this province, working with labour to make sure that we have the labour skills, working on energy costs, having an energy strategy, a vision. There's no path to net zero without nuclear. This government is taking action. Mark Carney said that.

At the COP27—I just was with David Piccini getting the feedback from COP27. Ontario has an opportunity to lead the world in economic development. Why? We have a clean energy grid. They're still mining coal in parts of Europe; they're still mining coal south of the border. I tell you, companies will look at jurisdictions that are investing in the future, a clean energy grid; 94% of our energy grid is clean energy. We're investing in steel, converting it from coal to clean energy. We're mining the critical minerals that go into the batteries that will power clean vehicles in this province.

So, MPP Byers, when you ask the question of how we rely on economic forecasts, they're just thinking about how we're doing, how we're working with labour, how we're becoming more productive, how we are attracting capital in this province and have a vision so that we don't have to lag the world in economic development. So people can have the dream of coming to this country, of living in this country. To have a roof over their head, a good job, to raise their family safely and with health care and the education system that will always be there to support them.

Mr. Rick Byers: That's great. Thank you very much, Minister, excellent. You touched on the infrastructure development, which is the biggest in Ontario history. Whether it's \$60 billion in transit, \$40 billion in health care, education, the list goes on. I saw that on the transit side in my previous role as member of the Metrolinx board and this government getting Metrolinx to build those subways. Diggy Stardust is already up and running.

But one challenge we have now is inflation and the impact that's having. Hopefully, we're seeing it crest in part because of the government's reduction in gas taxes here in Ontario, but as you look at inflation on these capital projects, how is the ministry, with other ministries, assessing those risks and managing the infrastructure bill in a prudent way?

Hon. Peter Bethlenfalvy: Thank you, MPP Byers, for raising that question. I'm a big believer in investing in infrastructure, not least of which—with the growing population, to be capable to move people, to educating people, to take care of people through health care, you've got to have those facilities and you've got to build that infrastructure. You have to look—forgive the pun—down the road a little bit and recognize how many people are coming to

this province, how this is a great province to come to, to live here, to grow your family. So having that critical infrastructure is so important.

I've seen cycles come and go. These infrastructure projects that we've increased to almost \$160 billion—a record amount—for public transit, for highways, for hospitals, for schools, for broadband, for long-term care, are over a 10-year period.

The Chair (Mr. Ernie Hardeman): One minute.

Hon. Peter Bethlenfalvy: What is critical and what I've seen, in my experience, is that you have to go through cycles. You just have to keep going ahead. You have to be prudent in how you manage those costs, and we will be prudent, but what is also critical is getting those shovels in the ground, like getting the shovels in the ground in Hamilton at the Confederation GO station, to actually start working on that; shovels in ground in Mississauga for the Hazel McCallion Line that was just started in September. You mentioned Diggy Stardust, and I've been out and I've seen Diggy. I've rocked with Diggy—do you get that? I've rocked with Diggy.

People are frustrated with gridlock. Getting things done is what the people of Ontario want. That's what economic vitality does. The focus on infrastructure—thank you for your work at Metrolinx, who are doing a terrific job. Making sure that we can build these things, that we can build quality—

The Chair (Mr. Ernie Hardeman): Thank you very much for your presentation. That concludes the time. That is also the conclusion of the rounds. We thank you for participating this morning, Minister.

That concludes our business for this morning. As a reminder, the deadline for written submissions is 7 p.m. on Monday, November 28, 2022.

Any further questions or comments? MPP Fife.

Ms. Catherine Fife: I think we were scheduled for the afternoon today as well, but we are only meeting tomorrow afternoon. Is that—

The Chair (Mr. Ernie Hardeman): We were never scheduled for this afternoon.

Ms. Catherine Fife: Oh. I thought it was in the original motion that the government brought forward that we were going to meet on Wednesday and Thursday—

The Chair (Mr. Ernie Hardeman): I stand to be corrected, but nothing has been scheduled, and tomorrow, it is both in the morning and the afternoon.

Ms. Catherine Fife: So we're meeting tomorrow afternoon only? Can we get the schedule?

Interjection.

Ms. Catherine Fife: It's 9 to 10? Okay, thank you. I heard that.

The Chair (Mr. Ernie Hardeman): Anything else? If not, we have concluded.

The committee adjourned at 1001.

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