

# Ontario Finance Minister Charles Sousa's Response to Paul McKeever's Pre-Budget Submissions

Delivered immediately after Paul McKeever's submission to the  
Pre-budget Consultation held at Oshawa, Ontario on February 1, 2018

*[Note: Based upon his comments, the Finance Minister apparently mis-heard "freedom" when Paul McKeever was introduced, and thought that McKeever was the leader of the "Green" party]*

## **Charles Sousa:**

Yeah, yeah. I think I'd like to respond. So I appreciate your points of viewing and its, ..you've got to to put it in perspective.

Our budget today, well when I first started it was...(clarification of hearing) Can you hear me? So in 2013 when I took over as Finance Minister, our budget was about 127 billion dollars. It is now 150 billion, and that's because of increased growth, and increased stimulus, and increased revenue.

It includes a drop in personal income taxes though, in terms of what we anticipated. It does include a lot of foreign direct investment. It does include a lot of additional investments because of business growth and economic growth.

We are, right now, and have been for some time, the lowest cost government in Canada on a per capita basis.

We do find savings, and find efficiencies, and do transformations in order to achieve the delivery of services that are so essential to the people of Ontario.

And to discuss cuts to agencies, to transfers, and others, municipalities, would put everybody in harms way.

And a lot of people were talking about doing across the board cuts 2008 when the recession hit as a means to balance the (cough) budget?, and to control those costs. That would have put people in harms way, it would have diminished the economic recovery, and it would have put some of the very services people rely on at risk. So, we have found some efficiencies.

And we have increased trade with other markets in order to diversify our exposure, not just to the United States, but everywhere else. Because our biggest part was buying, input costs were high, and our dollar went high during that recessionary time. And our people were still punching above their weight during that recovery because we allowed for R & D credits, we allowed for more tax incentives, and companies were investing, and they were out-performing during the tough times so that when times started to recover, they were actually well positioned to compete with companies in the United States.

You should also know that our GDP as a function of our value as a province also increased dramatically. We're now at over 800 billion dollars in GDP. Our overall debt to GDP is now at 37%. It was as high as 41%, so its improved and that compares well, and favourably to Quebec

at 55%, 56%. They've now reduced it somewhat as well. And certainly a lot better than it is in European countries.

Our interest on debt is also often talked about because it is a function of risk. It used to be 16% of our budget, 10, 20, 30, years ago. It is now less than 8%. And part of it's because we've locked in those rates for 30 years to minimize the volatility of interest rates, and borrowing 30 billion dollars less than we anticipated because of some of the improvements we've made over the last five years. We also have over 20 billion dollars in reserves maintaining a strong liquidity of our bonds and our debt, so we are...a very attractive jurisdiction around the world - people want to invest and buy those bonds.

So, I just want to put it in perspective: that the doom and gloom you've produced is actually not the case to the extent that we have to be conscious, we have to be mindful, we have to ensure that we stimulate part of business to be competitive, but we also have to be sensitive to the needs of so many, and to ensure that we're there for the people who need it. That's what government stands for.

Diversifying our economy is essential in order to minimize some of those shocks in the system. The commodity risks in Alberta and the East hurt them hard. Ontario, we actually weathered it pretty well because we've done so many other sectors of the economy that have improved.

There's uncertainty no doubt because of what's happening in the United States, and NAFTA agreements, so we have to be sensitive to that as well. A budget, what we're doing here today is a living document. I then have to react to some of those forces on a daily basis so we can maintain a balance and ensure we're not borrowing for operating costs.

Borrowing for capital investments, provided we are competitive, and make money later on is not a bad thing, but you want to ensure you balance the books, and manage those operating essentials in a way that you can afford.

By the way, from the Green Party [gestures toward Paul McKeever, mistakenly thinking ] we have now got, I think our next tranche of green bonds is on its way. It's oversubscribed. And that, again, shows confidence in investors for the Province of Ontario. So I just want to say a lot of you are doing good work. A lot of you are providing caution - appropriately so. And that's why we have to take the steps we do to try to manage those. Thank-you so much.