

The Empire Club Presents



THE HONOURABLE VIC FEDELI

**ONTARIO'S MINISTER
OF FINANCE,**

RESTORING TRUST, TRANSPARENCY, AND AC- COUNTABILITY

Welcome Address, by Mr. Kent Emerson, Associate Vice President at the Municipal Property Assessment Corporation and President of the Empire Club of Canada

March 28, 2019

Good afternoon, ladies and gentlemen. From the Metro Toronto Convention Centre in downtown Toronto, welcome, to the Empire Club of Canada.

For those of you just joining us through our webcast or podcast, welcome, to the meeting.

Today we present the Honourable Vic Fedeli for today's topic, "Restoring Trust, Transparency and Accountability."

HEAD TABLE

Distinguished Guest Speaker:

The Honourable Vic Fedeli, Ontario's Minister of Finance

Guests:

Ms. Izzie Abrams, Vice President, Government and External Affairs,
Waste Connections of Canada

The Honourable Peter Bethlenfalvy, President of Ontario's Treasury Board;
Past Speaker at Empire Club of Canada

Mr. Jack Carr, Professor Emeritus, University of Toronto

Ms. Shurjeel Choudhri, Senior Vice President and Head, Medical and
Scientific Affairs, Bayer Inc.

Mr. Pat Dalzell, Director, Government and Stakeholder Relations – Corporate
Affairs, Bruce Power

Ms. Jackie Dean, Chief Financial Officer, Music Canada

Mr. Doug Downey, MPP (Barrie–Springwater–Oro-Medonte), Parliamentary
Assistant to Ontario's Minister of Finance

Mr. Chris Halyk, President, Janssen

Mr. John Koopman, Consultant, Spencer Stuart; Past President,
Empire Club of Canada

Mr. Sean Morrison, President-Elect, Ontario Real Estate Association

Mr. Greg Orencsak, Deputy Minister, Ontario Ministry of Finance

Mr. Anthony Primerano, Director, Government Relations, LiUNAMr. Mike Van
Soelen, Managing Principal, Navigator Ltd., Third Vice President,
Empire Club of Canada

Ms. Carol Wilding, President and Chief Executive Officer, CPA Ontario

Budget day and the immediate weeks before and after it are one of the few times a year when Ontarians pay close attention to the government and its decisions. After spending months meeting with stakeholders and colleagues, the minister has the difficult job of combining more than 150 billion dollars' worth of income and expenses into one thick

document that represents both the government's fiscal plan and a strategic plan for public policy initiatives.

The minister must balance the demands of investing and stimulating the needs to be fiscally prudent and has to cater to many different audiences, from Main Street to Bay Street, from ratings agencies to labour organizations, from small businesses to large corporations and from influencers to individual voters.

Ontario's economy is large, diverse and complicated. Like many western economies, we are facing a significant set of challenges, an aging population with increased health care needs, the impact of globalization and the emergence of markets that present export opportunities, but also competition and so on.

The finance minister has to understand these challenges in these groups, weigh options and make tough decisions. If that was not enough, he or she will be judged on whether the budget is noteworthy and what kind of job they did in selling it afterwards. For anyone here who has worked on a provincial budget, you know that is a lot of pressure.

Minister, your turn on the pressure cooker is coming up on April 11th, and we all look forward to that. The first budget of a new finance minister in a new government is a significant one. The fact that 750 individuals have gathered here today at the Empire Club of Canada to read the tea leaves is proof of that.

Similarly, on May 5th, 2006, the Empire Club hosted a speech from the new minister of finance of Canada, who

was once a former Ontario finance minister. In his speech, the late Minister Jim Flaherty said, “Public life is not only about debating policies, election campaigns and differing views of our national, provincial and local priorities.

Public life is about reflecting the essence of the objective economic and daily realities in the lives of our fellow Canadians, the way we work; the way we live; the way we care for those we love; and to reach out to a brighter tomorrow for our families, communities, province and country.”

The implication is the government’s budget is both a representation of society and economy as it used today and its vision for how those can be strengthened. On April 11th, Minister Fedeli will deliver not just a fiscal update but his government vision for the future. I know I am not alone in saying we all look forward to that and what you have to say today. Let us get started. Minister Fedeli was born and raised in North Bay. His grandparents came to Ontario from Italy with ambitions of a far better life and more opportunity for their young family.

In his twenties he opened his own advertising agency. As a young entrepreneur, he developed the company into a global agency doing work all over the world and had become one of the country’s 50 “Best Places to Work in Canada.” In 1992, Vic sold the firm and devoted the next 11 years to work in nonprofit ventures. In 2003, Vic was elected Mayor of North Bay in a landslide. After more than a decade in municipal politics, Vic was elected as MPP for Nipissing. He served as Energy and Finance Critic in the

Official Opposition Shadow Cabinet.

He was re-elected in 2018 and was appointed cabinet chair to his current position as Ontario's minister of finance.

Please, welcome and put your hands together for the Honourable Vic Fedeli.

The Honourable Vic Fedeli

Thank you very much, Kent. No pressure there with those comments on the things that you are going to expect to see on April 11th. Thanks, Kent, I think.

It is great to be here. Everyone, thank you all for being here, all 750 of you. Thank you very, very much for being here. It is great to be here with my cabinet colleague, who is about to take a photograph, Peter Bethlenfalvy, the President of the Treasury Board. Peter.

Our Parliamentary Assistant, Doug Downey, who is here as well. Doug, thank you very much for your great work.

We have Greg Orencsak, the Deputy Minister of Finance. It is great to have you here as well, Greg, you and your team who are here today. We have many of us from our side as well. Dean French, Premier Ford's Chief of Staff is here; Dan Miles, my Chief of Staff is here; and so many of our staff are all here. Cabinet ministers Caroline Mulroney, Christine Elliott, Todd Smith are also here.

There are about a dozen caucus colleagues who are here

as well. Who is minding the ship while we are all down here? I am starting to worry about that. Mind you, I think we have about enough to be quorum here as well, so we can take it over. We have many other elected officials at all levels of government who are here and some former elected officials, I understand, who are here. Thank you all.

This is such a spectacular turnout. We deeply appreciate it that you took the time to come today.

Our team at Finance, as you call well imagine, is totally consumed with delivering our government's first budget set to be released on April 11th.

[Remarks in French.] Notre équipe au ministre des Finances, travailler sans relâché à préparer le premier budget de notre gouvernement qui sera déposé le 11 avril.

Budget 2019 will be a thoughtful, measured, and forward-looking plan with four specific objectives, restoring fiscal balance in a responsible and sustainable manner, protecting what matters most: healthcare, education and other critical public services, making Ontario Open for Business and Open for Jobs and always putting people first.

When we got elected, Premier Ford gave every one of us this desk plaque—very simple: “For the People.” This is not a bumper sticker. This sits on our desks. Mine sits between my BlackBerry and my computer. Every time I pick up that phone to make a call or to answer a call, or every time I am about to hit the send button on my computer, what has to go through our minds is “What I am about to do, is that for the people?”

That is why Premier Ford gave us these, as a constant reminder who we work for and everything we do: We work for the people.

Budget 2019 will build on the 200 initiatives our government has implemented over the last nine months. Even the word ‘quick’ does not quite capture our government’s pace so far. For the Star Trek fans in the audience, you know that we have been moving at warp speed. From day one, we have put the people first and put more money in people’s pockets.

We cancelled the job-killing cap-and-trade carbon tax, saving businesses \$880 million this year alone and put \$260 back in the pockets of every household. We cut 4.3¢ off of a litre of gas at the pumps, your home heating fuel, and so on such that, for everything you buy, the price was affected. All that, sadly, of course, is about to change on Monday morning when the federal government imposes their carbon tax here in Ontario. Sadly, that will all change.

We have gone to the extent where we have frozen all kinds of administrative and licensing fees for hunting, fishing, driving, vehicle registration and others. We have introduced the most progressive income tax cuts for low-income workers in a generation. Our critics—I know they hate hearing that one. It is the LIFT, the Low-income Individuals and Families Tax Credit; 1.1 million people in our province benefit from this tax credit. Minimum wage earners in Ontario will pay no provincial income tax at all.

Our government has started to clean up the mess at Hy-

dro. Led by the Honourable Greg Rickford, Minister of Energy, we cancelled 758 wasteful and expensive energy projects, saving ratepayers \$790 million on their hydro bills.

He did away with the Green Energy Act to help further reduce bills for families and businesses.

Our government is actively working to create and protect jobs. We are cutting red tape and reducing the burden for business, so they can thrive in Ontario.

Thank you to the Minister of Economic Development, Job Creation and Trade, Todd Smith. We lowered the taxes on Ontario employers who make capital investments in machinery and equipment through the Accelerated Capital Cost Allowance, and those measures parallel the federal government's.

This encourages greater business investment and job creation in Ontario.

We are standing up for Ontario business and families by fighting with everything we have got. We are fighting the federal Liberals' job-killing carbon tax which, as I said, will hit your bills on Monday, April 1st. In fact, following last week's federal budget, we expressed our disappointment about several initiatives, including the Liberal government's refusal to repeal this ill-conceived carbon tax plan.

Without question, it will increase the price of everything we buy, including gasoline, groceries and every other staple. As a result, we will redouble our efforts to use every tool at our disposal to fight this job-killing carbon tax on behalf of every individual, every family and every business

in Ontario. Our government will continue to strengthen the things that matter the most to Ontario families, like health care. We have already taken decisive steps to curb hallway health care and expand long-term beds. Our Minister of Health, Christine Elliott, is here today and she has recently announced that 15,000 new, long-term beds are coming on-line over the next five years, and we are upgrading 15,000 older long-term beds to modern design standards. Yes, it is beautiful, Christine. It is beautiful work. As well, we have added 1,100 additional beds and spaces in hospitals and in the communities to reduce pressures on our emergency rooms. Led by Minister Elliott, our government is building a public healthcare system, centred around the patient and redirecting money to front-line services, where it belongs, to improve patient experience and provide better and connected care. We are restoring accountability, sustainability and trust, not only in the health care system, but also in our finances.

Through the report of the Independent Financial Commission of Inquiry, we learned the previous government left Ontario a massive \$15 billion deficit. Friends, the previous government was spending \$40 million a day more than they took in. The report uncovered the ugly truth of how the previous government continually and systematically abused our collective trust. They wasted precious resources and recklessly spent the province to the brink of a fiscal cliff.

The fiscal mess we inherited from the previous government cannot be overstated. All of us are now seeing the re-

sults of 15 years of fiscal mismanagement. Their approach was unsustainable, irresponsible and, quite frankly, put our children, your children's futures at risk. Again, I have to say this again: The previous government was spending \$40 million a day more than they took in. Much of that was for day-to-day expenses of government. This has led to a large structural deficit and a massive public debt amounting to more than one-third of a trillion dollars. Think about this for a second. That is 346 with nine zeros behind it.

Ontario is the most indebted sub-national government on the entire planet. Interest payments on debt are the fourth largest line item in the budget after health care, education and social services. Every single dollar spent on interest—never mind the debt—means one less dollar going to our hospitals, our schools and our critical infrastructure.

These are staggering numbers. They represent a lost opportunity to our province, a fiscal albatross around the neck of future generations and a sad situation that leaves Ontario extremely vulnerable to any economic downturn.

These debt figures are not just concerns to economists, politicians and those of us in this room. When members of our cabinet and our caucus toured Ontario during the pre-budget consultations, we heard it loud and clear, whether it was from the farmer in Oxford County or the low-income senior living on a fixed income in Thunder Bay, people are genuinely worried about Ontario's growing mountain of debt. They know that this is an unacceptable legacy to leave to future generations, to our children, our grandchildren and

their children. They understand that proper management of public finances is not just a fiscal or an economic imperative. This is a moral imperative. In that light, let me make something clear. Contrary to what our opponents would have you believe, our approach to restoring balance to Ontario's books will be measured and thoughtful. We will not balance the budget at the expense of our critical programs. We will not make life harder for families in the province by raising taxes. In everything we do, we continue to put the people first, and we mean that. The people of Ontario expect us to protect what matters most to them. They expect us to protect and to continue to strengthen public health care. They expect us to protect and enhance public education system. They expect us to protect those social services that support the most vulnerable in our society. Our government is putting people first. We are putting people at the centre of every single government decision we make—every parent with a child in school; every person with an aging loved one in a long-term care home; every commuter who must navigate through Ontario's clogged highways, jammed transit systems or poorly maintained rural roads; every family who wants to make sure police, paramedics, firefighters and emergency services are there when and where people need them. That is what we are standing here to tell you today.

Paying for all this depends on us, first and foremost, to get Ontario's books in order. If we choose to ignore this problem, as the Liberals, supported by the NDP, have done in the past, then our health care, our education and our crit-

ical social services will indeed be put at risk. If we fail to act now, if we do not get our spending under control, we will not be able to protect the public services we all rely on each and every day. Balancing the budget, therefore, is not an objective simply driven by ideology. It is the first crucial step to ensuring our hospitals, our schools, and other critical services have the sustainable funding that they need now and for years to come. In the nine short months, our government immediately set out to address the fiscal mess to get runaway spending under control and put Ontario on a path to balance.

We worked quickly to drive efficiencies, whether it was reforming OHIP+ or something as simple as removing unused landlines and fax machines. We found immediate ways to reduce costs and make programs and services more efficient and more people-focused, for the people.

As you will see on April 11th, our government plans to balance Ontario's budget in a reasonable and responsible manner. This will be the direct result of our efforts to spend smarter, to work smarter, all while protecting front-line jobs. We have an opportunity to break down silos in government, embrace new technologies, new ways of thinking and protect and strengthen the things that matter most, and, our friends, the early results show us that our plan is working. By December 31st, Ontario's inherited deficit was lowered from \$15 billion to \$13.5 billion.

This was achieved through a combination of identified savings, stronger economic activity and a new way of think-

ing to deliver better value for money. In addition, there are very encouraging signs that business confidence is up, resulting in investments. They are returning to the Province of Ontario since June. We have added 132,000 net new jobs as a direct result of our government's policies. That is a fact well worth celebrating.

[Remarks in French.] Comme le Premier Ministre Ford nous le rappelle sans cesse, l'Ontario est, de nouveaux, ouvert aux affaires et a l'emploi.

What I mean to say is as Premier Ford continually reminds everyone incessantly is Ontario is, once again, Open for Business and Open for Jobs.

Caroline, I was thinking of you when I was reading my French and saying, "She is going to kill me; I know that." It made me nervous. We will continue to drive efficiencies in government and promote job creation to strengthen both our finances and our economy.

You have our word that Budget 2019 will present a plan to restore balance in a responsible and reasonable manner, reduce the debt burden and instill trust and accountability in our public finances.

I call our path to balance the "Goldilocks Approach." You have heard me say this before. It cannot happen too quickly. Nobody will believe that. It cannot take too long because anybody, apparently, except the Liberals, can do that. The path to balance must be just right.

As spring arrives, we are reminded of the importance of renewal. We have an opportunity to breathe new life into

public services that we hold most dear, many of which were on life support.

At the centre of our healthcare system must be the patients who expect to have a seamless health care experience.

As the previous government created 14 community care access centres, then 14 local health integration networks, then 76 sub-LINH, amid all of this alphabet soup and patchwork of agencies, where were the patients? Where were the families? While they were left languishing in waiting rooms, they were being treated in hospital hallways. I know my 86-year-old mother was one of those patients who was left in the hallway to be tended to for hours, 12 hours.

They fell through the cracks of a fragmented health care system without a place to turn or a person to speak with to get help in helping them back on their feet. It is time to stop investing in the bloated bureaucracy and start investing in the people who actually care for patients.

It is time to redirect our valuable resources to help support our doctors, our nurses, and our personal support workers. Our government is committed to making every dollar go further by targeting where it is truly needed.

With an aging population, we cannot afford to remain mired in the old ways of thinking. We cannot afford to waste precious resources. All available dollars need to be directed to those who actually provide the care.

When it comes to our education system, the numbers show that the previous government failed our children when it comes to teaching the fundamentals. The current curric-

ulum did not prepare our students for the many challenges that are before them. Our math scores have dropped every year over the past five years, despite more and more money being invested to serve fewer and fewer children. Our government is embracing change in the education system.

Hear, hear. Our plan, Education that Works for You was developed following one of the most extensive public consultations ever undertaken in Ontario education.

It involved 72,000 contributions from parents, teachers, students, employers and organizations. Our plan includes reform such as a new math curriculum that will focus on math fundamentals for all grades; a new focus on STEM, on skilled trades and financial literacy to help prepare for careers of the future; and a modern, age-appropriate health and physical education curriculum that will keep all students safe.

These advancements respect parents, support students and focus our resources on the tools the educators need to help our children build the skills and knowledge needed for good jobs in the 21st century's global economy.

Our government is also breathing new life into social services. We are going to take 23,000 children with autism off the waitlist for services in the next 18 months.

We are going to give teachers more tools to support children with special needs in the classroom, and we are going to fix the disjointed patchwork of supports that traps people on social assistance and denies them meaningful opportunities to find jobs. That is how we protect what matters most.

Not only are we taking a hard look at our health care system, our education system, our finances and our economy, but we are also taking a hard look at government, itself, and how government does business. Our approach must put people first in everything we do. We must start holding government to a higher standard. This is not about tinkering or making a few adjustments on the edges here and there. We are moving government into the 21st century. Take customer service, as an example. In the private sector, you must compete for your customers' attention and your customers' loyalty.

You take nothing for granted and always put your customer first because, if you do not, they will take their business elsewhere. Government, for too long, has refused to embrace this kind of customer service model, because it only ever had it themselves to compete with. It is time for everyone in government to start acting like the competition is coming and start to treat people like responsible adults.

We are taking steps to revolutionize the way we deliver services. One of those services is how you buy beverage alcohol. Our government is actively working to expand the sale of beer and wine into corner stores, box stores and even more grocery stores. We made a commitment during the campaign to provide consumers with greater choice and convenience, and we plan on delivering. We firmly believe this will not only open up the province to more choice, but it will also lead to competitive prices and all of this without the need to privatize our valuable government assets.

Consider this. Ontario has the lowest density of retail outlets selling beer, wine, cider and spirits in Canada.

[Remarks in French.] Le Québec compte plus de 8000 magasins de vente au détail de boissons alcoolisées.

Quebec has over 8,000 retail stores selling beverage alcohol, 8,000. In Newfoundland, there are 21 outlets for every 10,000 people over the age of 18 in the province.

In Ontario, any guesses? Less than 3,000. We have our work cut out for us. In order to assist us with this initiative, we have appointed Ken Hughes as a special advisor on the alcohol file. Ken is a former cabinet minister in Alberta with experience in multiple fields.

We look forward to working with him to bring more choice and convenience to Ontario's beverage alcohol consumers. As we take on this ambitious project, let us make one thing very clear. Treating people like adults and expanding the sale of beer and wine to corner stores, grocery stores and big box stores were core promises of Premier Ford, core promises that our government campaigned on. They are promises that we all intend to deliver on. On that, we should be absolutely clear.

We look forward to working with any partner who is prepared to work with us in good faith to make these promises a reality. On a somewhat less glamorous note, our government is also modernizing our approach to the exciting field of procurement. It starts with making our internal systems more efficient. We recently announced the creation of a central procurement process to dramatically change the way

government makes purchases. By employing this bulk-buying power, we will be able to save as much as \$1 billion a year. Again, this may not be as exciting as the alcohol file, but I can tell you Treasury Board President Peter Bethlenfalvy and I both find saving \$1 billion pretty exciting.

The modernization of government also means embracing technology to make government more digitally enabled and user-friendly. Our government is further working with our municipal partners to help modernize their governments and improve local service delivery and efficiency.

After 15 years of the previous government's fiscal mismanagement, many of Ontario's small and rural municipalities have limited capacity to plan and manage their resources and to modernize their services. To help them find smarter ways to deliver services to support their communities and respect their taxpayers, we announced last week a one-time investment of \$200 million to 405 small and rural municipalities across the province. This payment puts the people of Ontario at the heart of municipal decision-making as we work with our municipal partners to build a sustainable future for our province. We will continue to take a hard look at how governments can put people first. We want to look to see how we can work smarter, how we can spend smarter, how we ensure the real-life experiences of every person in Ontario is at the centre of every single decision that our government makes. No matter what the service, regulation, program, process or policy, we are always asking ourselves how it will benefit the people.

Your favourite two words are coming. In closing, our government remains focused on what is important: The need to restore accountability, sustainability and trust in government; the need to restore confidence in Ontario's finances and reduce our debt burden; the need to protect the critical public services we hold most dear, including our world-class health care and education systems; and the need to make Ontario the best place to do business, a place where jobs and prosperity reach every corner of our province.

Our government is acutely aware of the challenges we inherited from the previous government. We have made significant—some would say “unbelievable”—progress in the first nine months.

Friends, it is only the beginning. You will see how we intend to build on that progress when we deliver the first budget on April 11th.

It will be a plan that continues us down the road to fiscal sustainability while protecting what matters the most. Stay tuned. The best is yet to come.

Questions & Answers

KE: Thank you, Minister Fedeli. We have time for just a few questions. We got started a little bit later today, but I want to ask those of you with questions to fill out a couple of cards at your table. While we are waiting, I will ask one question. You went through a number

of initiatives today. If you had to pick one initiative as the most impactful or important to your government of all the initiatives that you have done so far, what initiative would it be and why?

VF: Which of your children are your favourites? I think everything that we have done has been impactful, but, at the end of the day, it is for the people. For the people of Ontario, we are beginning to show them the path to balance, how we intend to restore trust and accountability in the government and how we intend to protect the core services like health, education that they enjoy here, in Ontario. I think we have shown them that we do have a path. It is about the creation of about 132,000 jobs. We have shown them all can be done.

It can be done in a collective way. We have a great caucus, a great cabinet, a great leader, a great leadership team that works together to make sure we are delivering for the people. I think that is the real message that Ontario is Open for Business, Open for Jobs and that has created the stability that gives us the resources to do what we need to do with health, education and social services. That is which child I like best.

KE: Thank you. We do have a card coming up here now.

Can you tell us how the 130,000 jobs were created in the last nine months? What initiatives do you suspect will create the most jobs in the coming years?

VF: What we really see is a restored and a renewed confidence in the business community. Wherever Premier Ford goes, wherever our caucus and our cabinet go, we hear the same thing: “Bring it on.” When I was in New York, just after the Fall Economic Statement, I sat in a room not unlike this, not quite as big, quite as large, and the message was they were not talking about me; they were talking about the words. They said, “My gosh, we have not heard words like that coming out of your government in 15 years.” It gives them the confidence to reinvest in business. Whether it is the WSIB that has been reduced by \$1.5 billion for the businesses of Ontario, the carbon tax that put \$880 million back in the pockets of the business, cancelling the federal government’s passive income tax for Ontario saved 7,900 business members up to \$40,000.

I am a lifelong entrepreneur. The second you have a dime in your pocket, you put it back into your business. It is that reinvestment into businesses that has helped them with the confidence to hire the 132,000 people that they hired.

KE: Thank you very much, Minister. I think we have run out of time today. I do want to invite Pat Dalzell, from Bruce Power, to come up and give the thank you.

**Note of Appreciation, by Mr. Pat Dalzell, Director
of Government and Stakeholder Relations -
Corporate Affairs, Bruce Power**

Thanks, Kent. On behalf of Bruce Power, the Empire Club and all the other sponsors, it is my pleasure to thank Minister Fedeli for joining us today.

We are always proud to sponsor events like these where we can exchange information and ideas. Minister, your government's efforts to promote trust, transparency and accountability in the province's finances are very much appreciated by the business community and the people of Ontario. At Bruce Power, we say that we like to power more for less. That is clearly a shared value of your government. Bruce Power and the rest of the business community look forward to continuing to work with the government to deliver on your vision of growth, prosperity and a bright future for generations to come.

Thank you for your service, commitment and dedication in continuing to make Ontario a prosperous province. A special thanks to the Empire Club and all the staff for putting together this great event today and this huge crowd today. Thank you all for joining us. A final round of applause for Minister Fedeli.

Concluding Remarks, by Kent Emerson

Ladies and gentlemen, thank you for coming today. Coming up in the next weeks, we have Phil Verster, President of Metrolinx on May 2nd, and also Dan Snow and Peter Mansbridge on April 23rd. It is a talk around history. There have been a lot of events you guys have come to, and I want to sincerely thank you for coming today.

For those of you who want to use the backdrop to take some photos, I am going to ask the sound guys to take away the podium.

Meeting adjourned. Thank you very much.