

Legislative
Assembly
of Ontario



Assemblée
législative
de l'Ontario

Official Report of Debates (Hansard)

F-7

Journal des débats (Hansard)

F-7

Standing Committee on Finance and Economic Affairs

Estimates

Ministry of Finance

Comité permanent des finances et des affaires économiques

Budget des dépenses

Ministère des Finances

1st Session
44th Parliament

Wednesday 12 November 2025

1^{re} session
44^e législature

Mercredi 12 novembre 2025

Chair: Hon. Ernie Hardeman
Clerk: Lesley Flores

Président : L'hon. Ernie Hardeman
Greffière : Lesley Flores

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

<https://www.ola.org/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7400.

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7400.

Hansard Publications and Language Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400
Published by the Legislative Assembly of Ontario



Journal des débats et services linguistiques
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400
Publié par l'Assemblée législative de l'Ontario

ISSN 1180-4386

CONTENTS

Wednesday 12 November 2025

EstimatesF-109

Ministry of FinanceF-109

 Hon. Peter Bethlenfalvy

 Mr. Jason Fitzsimmons

 Ms. Nadia Cornacchia

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON
FINANCE AND ECONOMIC AFFAIRS

Wednesday 12 November 2025

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES
ET DES AFFAIRES ÉCONOMIQUES

Mercredi 12 novembre 2025

The committee met at 1401 in room 151.

ESTIMATES

MINISTRY OF FINANCE

The Chair (Hon. Ernie Hardeman): Good afternoon, everyone. The Standing Committee on Finance and Economic Affairs will now come to order.

We're meeting to consider the 2025-26 estimates of the Ministry of Finance for a total of three hours.

We are joined today by staff from Hansard, broadcast and recording, and legislative research.

From the ministry, we are joined by the Honourable Peter Bethlenfalvy, Minister of Finance; Deputy Minister Jason Fitzsimmons; and ministry official staff.

As a reminder, the ministry is required to monitor the proceedings for any questions or issues that the ministry undertakes to address. I trust that the deputy minister has arranged to have the hearings closely monitored with respect to questions raised so that the ministry can respond accordingly. If you wish, you may verify the questions and issues being tracked by the research officer at the end of your appearance.

Are there any questions from the members of the committee before we start?

Seeing none, we now are required to call vote 1201, which sets the review process in motion. We will begin with a statement from the minister for up to 20 minutes.

As always, remember to make your comments through the Chair.

Minister, welcome. The floor is yours.

Hon. Peter Bethlenfalvy: Thank you very much, Chair. You know, I can just see you between these two little things here.

The Chair (Hon. Ernie Hardeman): We're seeing eye to eye here.

Hon. Peter Bethlenfalvy: We are seeing eye to eye.

Merci beaucoup, monsieur le Président. C'est un grand plaisir d'être avec vous aujourd'hui cet après-midi. Mes collègues, bienvenue.

Thank you, Chair. Good afternoon to all of you, my colleagues. I'm pleased to be here today to discuss the Ministry of Finance's 2025-26 expenditure estimates.

Let me begin by extending my sincere thank you to you, Chair, and the members of the committee for the diligence and commitment you bring to this important work. The mechanisms of parliamentary democracy—holding the

executive to account on behalf of the people—are a cornerstone of our system. The estimates process is an essential part of that accountability.

I'm pleased to appear before you today to speak to how we are protecting Ontario's finances and building for the future. As this committee knows, our government reports to the public every 90 days through quarterly updates like the 2025-26 first quarter finances, the fall economic statement, the Q3 report and the budget, because every tax dollar deserves respect and every dollar counts.

These estimates are the financial foundation of government accountability. They set out, in clear terms, how public resources are being allocated to deliver on the priorities that matter most to Ontarians. The 2025-26 expenditure estimates reflect our government's ongoing commitment to responsible fiscal management and to protecting Ontario's long-term financial stability; as well, our expenditure estimates demonstrate that we are maintaining the discipline necessary to keep our fiscal house in order.

Through the estimates, we are ensuring that every dollar the ministry spends is aligned with our core mandate. Managing the province's finances prudently, creating a more resilient and self-reliant economy and protecting Ontario is paramount in these uncertain times. This means maintaining careful oversight of our operating resources and finding efficiencies that allow us to continue delivering high-quality, reliable services without compromising financial sustainability.

In short, these estimates demonstrate that we are about making every dollar count, respecting the trust of taxpayers and ensuring my ministry leads by example when it comes to fiscal accountability and resource management.

As Minister of Finance, my responsibility is to manage Ontario's finances in a responsible, accountable and sustainable way. It's about balancing the priorities of today while planning for tomorrow. That means making prudent fiscal choices while ensuring Ontario remains strong, competitive and self-reliant in an increasingly uncertain world.

At the same time, global conditions remain uncertain. Rising tariffs, trade tensions and conflict continue to weigh on economies worldwide. Mr. Chair, Ontario is not immune. The uncertainty surrounding global trade policy, particularly in the United States, presents real challenges for our workers, our businesses and our economy.

Yet amid these pressures, Ontario and Ontarians continue to demonstrate resilience. That's because the government's plan is working. Our 2025 budget, tabled in May, outlines a plan to protect Ontario's workers, businesses and communities from US tariffs and the economic uncertainty. It also maintains, as importantly, a prudent and responsible approach to public finances. Our plan will continue to protect Ontario by fostering the most competitive economy in the G7 and promoting investment, job creation and business growth, all the while retaining a path to balance by 2027-28.

As outlined in our government's 2025-26 economic outlook and fiscal review, Ontario's economy has been resilient. It is projected to continue growing in line with the 2025 budget outlook, with real GDP projected to grow at 0.8% in 2025 and 0.9% in 2026.

Thanks to prudent fiscal management, Ontario has now received two credit rating upgrades for the first time in decades, and we have maintained an AA credit rating with all four credit-rating agencies this year, a feat not followed by a number of other provinces who saw some downgrades. That means less interest paid on every dollar borrowed and enabling more investments in our province's growth and to protect our workers and our communities. This reflects Ontario's commitment to maintaining its target for debt sustainability measures, despite the economic and geopolitical uncertainties the province is currently facing. This confidence in Ontario's finances reflects our government's ongoing commitment to fiscal discipline and economic growth.

As reported in the 2025 Ontario Economic Outlook and Fiscal Review, Ontario remains on a solid fiscal footing. Key measures of government financial health remain some of the strongest seen in over a decade. Ontario's debt-to-GDP for 2025-26 is projected to be 37.7%, compared with the forecast of 37.9% projected in the 2025 budget, so 0.2 points lower. This ratio fell to a 13-year low last year, and Ontario's plan is to keep it below target levels over the medium-term outlook.

The province's 2025-26 deficit is projected to be \$13.5 billion. This is an improvement of \$1.1 billion from the outlook published in the 2025 budget. Over the medium term, the government is forecasting a deficit of \$7.8 billion in the 2026-27 fiscal year, and a surplus of \$200 million or \$0.2 billion in 2027-28. As you can see, Chair, our government will retain a path to balance by the year 2027-28.

Our prudent fiscal management continues to deliver results. Our borrowing program remains strong, anchored by diverse offerings such as green bonds and the sustainable bond framework, which enable financing for clean, reliable energy, including nuclear, hydro and zero-emission projects. We are committed to keeping Ontario's debt-to-GDP ratio on a sustainable path while maintaining the lowest interest on debt-to-revenue ratio in decades.

1410

While our fiscal stewardship is at the heart of what we do, our work extends far beyond the balance sheet. We are taking decisive action to protect Ontario's workers and

businesses from external shocks, especially the impact of tariffs and global economic headwinds.

When tariffs came into effect earlier this year, we took urgent action to ease the pressure on businesses and on workers. As immediate response, we announced nearly \$30 billion of relief for workers and businesses, providing direct support and relief to help businesses and workers. These include tax deferrals, new infrastructure investments in science and technology, education financing opportunities, financing opportunities for First Nations and funding for businesses with potential to transform the economy. We deferred provincial taxes for about 80,000 businesses in the province for six months, which made up to \$9 billion in cash flow available to keep workers on payroll and get through the immediate effect of tariffs that came in effect over those months.

We also launched the first phase of the \$5-billion Protecting Ontario Account to provide support to Ontario-based businesses that have been affected by higher tariff rates, including the steel, aluminum, copper and auto sectors. Through it, up to \$1 billion in liquidity support will be provided to protect workers and operations by helping manage working capital challenges such as meeting payroll, meeting lease payments, meeting utility payments.

In partnership with the federal government, we announced that Ontario and Canada are jointly investing \$500 million to help Algoma Steel navigate changing market conditions. Of that, the province is providing a \$100-million loan. This investment reflects a coordinated effort to safeguard Ontario's steel industry and ensure long-term competitiveness.

We also recently announced as part of the 2025 fall economic statement that we are investing an additional \$100 million into the Ontario Together Trade Fund for a grand total of \$150 million. This will ensure we can continue to deliver critical support for small and medium-sized businesses by enabling them to pivot production, build new sales partnerships and expand through greater interprovincial trade.

We are also investing \$20 million in the Protect Ontario Workers Employment Response Centres, also known as POWER Centres, which are providing access to training and upskilling to workers affected by or at the risk of layoffs.

As announced in September, WSIB premium rates were further reduced to the lowest level in 50 years, which will result in additional annual savings of approximately \$60 million for Ontario employers in 2026.

Chair, protecting Ontario means protecting Ontario workers, jobs and businesses. We continue to provide much-needed support and relief during these uncertain times while creating the right economic conditions to encourage and attract new investment, create new opportunities for Ontario workers and businesses and increase the competitiveness of our economy.

Chair, I mentioned that Ontario was growing. In fact, Ontario is growing significantly. We know that to keep up with that growth, we need to invest in our province today.

That's why we are delivering on the largest and most ambitious capital plan in Ontario's history. This means historic investments to unlock infrastructure to address Ontario's current needs while laying the foundation for long-term growth and prosperity for communities right across the province.

Strengthened by an additional \$5 billion announced in the 2025 budget, the Building Ontario Fund has begun delivering on priority investments like long-term care, energy infrastructure, affordable housing and municipal and community projects. A new area of focus, critical minerals, has been added to the Building Ontario Fund's priority sectors to support Ontario's clean economy transition and support our supply chain security.

Additionally, we have nearly doubled the Municipal Housing Infrastructure Program to \$4 billion, providing communities with resources to build roads, to build bridges and to build water systems that enable new housing.

The Ontario Community Infrastructure Fund also continues to fund critical infrastructure, including roads, bridges, water and waste water projects each year. In September 2025, we announced \$400 million to support 423 small, rural and northern communities right across Ontario for the 2026 calendar year.

Mr. Chair, as you know, gridlock costs Ontario \$56 billion every year. We have a plan to fight it and to get people and goods moving right across the province. We continue to move ahead with building Highway 413 and the Bradford Bypass, as well as expanding existing highways, including a tunnelled expressway under Highway 401. We are overseeing the largest expansion of public transit in North America, including new subway lines to deliver better transit in Toronto.

Our plan for GO 2.0 will deliver the next generation of passenger train service for the Greater Golden Horseshoe, providing multiple new GO passenger train lines, including through midtown Toronto, Etobicoke, and York region to Bolton, along with dozens of new stations and improved service.

We're providing \$600 million to almost 400 small, rural and northern municipalities through the Ontario Municipal Partnership Fund, ensuring that they can provide critical municipalities their services to their people in their communities. We're investing an additional \$300 million over three years to support the construction of new support and recreational facilities and invest in new facilities. In fact, we've rolled out much of that program over the previous number of months, and will continue to roll out more of the funding for that program that we announced, I believe, a year ago.

Protecting Ontario also means unleashing our economy, making it more competitive, productive and resilient. Against a backdrop of US economic and trade aggression, we're doing more than helping businesses and workers navigate today's uncertain economy; we are making Ontario more competitive than ever. Our strategic investments will unleash the economy and protect Ontario for generations. We will increase the competitiveness, the

productivity and the resiliency of our economy, while unlocking new opportunities for prosperity.

Ontario is capturing the economic potential of the Ring of Fire and supporting a made-in-Ontario critical mineral supply chain, one that connects our natural resources to our manufacturing sector. Through an investment in the \$500-million Critical Minerals Processing Fund, we are supporting projects that accelerate the province's critical mineral processing capacity. And we have attracted tens of billions of dollars in new investment in the automotive and EV battery sector since 2020.

We continue to strengthen Ontario's competitiveness and resilience by attracting major investments to the province. Through Invest Ontario, we are providing investors with one-window access to expertise and tailored services, as well as financial support through the Ontario Investment Fund. To date, Invest Ontario has announced over \$8.2 billion in investments which are expected to create more than 10,200 good paying jobs.

We are also moving forward with consultation that has helped set up criteria to designate and create special economic zones, which would provide a predictable and stable environment for investment and growth. This would allow projects to start and advance faster, while maintaining standards.

We are also advancing Ontario's leadership in clean, affordable, reliable energy. Ontario is building the first modular reactors anywhere in the G7 at the Darlington nuclear site right here in Ontario, at Darlington and Durham. That project alone will create 18,000 new construction jobs. I'm going to repeat that: 18,000 new construction jobs. And let me tell you, shovels are already in the ground. People are already building that facility; the small modular reactor is the first of four. But it's not just stopping there. Another 3,700 jobs will be created to operate the small modular reactors. Those reactors will generate enough power to keep 1.2 million homes alight. These projects highlight how Ontario's reputation as a global leader in energy innovation and as a safe, reliable place to invest is delivering results for Ontarians.

1420

Chair, as much as our government is focused on growth, we are equally focused on keeping costs down for families and businesses.

We permanently cut gasoline and fuel taxes, lowering costs and making life more affordable when it's more important than ever.

We removed tolls on Highways 412 and 418 in Durham, where the only provincial tolls in the province were put on in Durham by the previous government. That is in addition to removing the tolls on 407 east, which is expected to save daily commuters an estimated \$7,200 annually. I'll repeat that: \$7,200 annually back in the pockets of drivers who are commuting to get to work.

We froze fees for drivers' licences and for Ontario photo cards.

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

Hon. Peter Bethlenfalvy: I'm just getting warmed up, Chair.

We made public transit more affordable through the One Fare Program, saving the daily transit user an average of \$1,600 a year.

And we have provided taxpayer rebate cheques, delivering about \$3 billion in timely support to almost 15 million eligible people in Ontario.

Mr. Chair, you can see that we are doing much to support and protect Ontario, to pivot to new markets, to grow our economy, to support our workers, to build infrastructure, to build the critical supports necessary to support families, workers and businesses across the province. We're all doing it while being fiscally responsible. Mr. Chair, it's not "either/or;" it's "and." You can do all of the above.

Ontario is leading the way, not only in Canada, but, I would submit, leading the way in the G7 to make our country and our province the most prosperous—

The Chair (Hon. Ernie Hardeman): Thank you very much. That concludes your time.

Hon. Peter Bethlenfalvy: And that concludes my remarks.

The Chair (Hon. Ernie Hardeman): I can assure you, Minister, that you will get the opportunity to add the rest of your comments in as the questions go around.

We thank you for the presentation. We will now begin with the question-and-answer segments of 15 minutes for the official opposition, 15 minutes for the third-party member, five minutes for the independent member and 15 minutes for the government members, in rotations until the time of three hours has expired.

With that, we will start with the official opposition. But just before you start, I want to point out to the deputy minister that anyone—yourself or anyone else—that gets to answer questions or is asked to answer questions, to make sure you identify yourself first for Hansard.

With that, we turn it over to MPP Bell.

Ms. Jessica Bell: Thank you to the Minister of Finance for your presentation and also thank you to the staff for being here today as well.

My first questions are focused on the part of the estimates that looks at the treasury program.

I just want to give a little summary here. The Auditor General has stated that the total debt that Ontario has is about \$454 billion, and that net debt has gone up by 47% in the last 10 years, so debt is going up fast. What we're also seeing is that when we compare Ontario to other provinces, we have one of the highest net debt-to-GDP ratios according to the Auditor General's December 2024 report—one of the highest, not the highest.

When we look at what we would be voting on today, we see that the interest on debt is increasing: It has gone up from \$13 billion in 2023-24 to what we expect will be \$16 billion in 2025-26. That doesn't even factor in what could happen to interest rates in the future.

You can imagine that there are a lot of people who are pretty concerned about where Ontario is when it comes to debt.

When I go into the Auditor General's report, it says that the government is legally required to have a debt burden

reduction strategy and that, in December 2024, the province has not yet met the requirement to outline the actions it will take to implement a debt burden reduction strategy.

My question to you is, when can Ontario expect to see this government publish a reasonable debt burden reduction strategy and what's going to be in it?

Hon. Peter Bethlenfalvy: First off, thank you, MPP Bell. Thank you for the role you perform and thank you for highlighting the success of the fiscal plan in Ontario.

We're very encouraged by your remarks, because it is true: We have some of the best debt metrics that we've seen in decades in Ontario. At a time when our population has grown by almost two million people, putting pressure on our social infrastructure costs; at a time that we inherited a massive infrastructure deficit in this province and—

Ms. Jessica Bell: Minister, I'm going to reclaim my time. I asked you very clearly, when is the government going to release a debt reduction strategy as they're legally required to do and what is going to be in it?

Hon. Peter Bethlenfalvy: We have a debt reduction strategy. Respectfully, it's in the document where we're balancing in less than two years. That is a fiscal debt plan.

Don't ask me, then; ask the credit agencies why they upgraded our debt. What's improving? What's changed? It's because we have a fiscally responsible plan that invests in people, invests in our social infrastructure, invests in the economy, invests in its workers, puts money back in businesses' and families' pockets so we can grow the economy.

As you would know, our debt-to-GDP has been coming down because our GDP is growing faster than our debt. We're now at \$1.2 trillion. When we came in, it was \$860 billion, so that's—

Ms. Jessica Bell: Minister—

Hon. Peter Bethlenfalvy: —a \$350 billion increase. When your debt grows slower than your GDP, you're doing better.

Ms. Jessica Bell: I'm going to reclaim my time. Thank you.

Just to be clear, I asked you some really specific questions around—

Hon. Peter Bethlenfalvy: And I gave you specific answers.

Ms. Jessica Bell: Yes, and I'm going to be following up with the committee to clarify that, as well as the Auditor General, because that's what comes from the Auditor General's report.

You mentioned in your response that the government is looking at having a balanced budget by 2027-28. That's very different from what the Financial Accountability Officer is saying when they look at your books. Specifically, the Financial Accountability Officer projects a \$10.3-billion-larger deficit than the government is predicting.

Can you explain why there is such a discrepancy between what the province is projecting when it comes to reducing the deficit and what the Financial Accountability Officer is projecting? Because \$10 billion is a really big difference.

Hon. Peter Bethlenfalvy: I suggest you ask the Financial Accountability Officer for that.

Ms. Jessica Bell: Minister, people want to know.

Hon. Peter Bethlenfalvy: I don't audit his methodology. I don't audit his assumptions. It's a point in time and without full information.

But what I can tell you is you can talk to the Auditor General, who goes through our numbers with a fine-tooth comb and every year makes a statement whether our numbers are good. That's why we've had eight consecutive, unqualified opinions to our numbers. It's independent from the executive branch. They're very thorough, and we're very proud of the eight consecutive clean opinions that we've received. And I would contrast: the previous government had qualified opinions.

Ms. Jessica Bell: Let's not talk about the previous government. My question very specifically is: Why is there a difference between what the Financial Accountability Officer has stated the deficit will be and what the Ontario government is projecting, given that you and I both know that the Financial Accountability Officer goes through the government's numbers to calculate what the deficit is going to be? I'm not asking the Financial Accountability Officer; I'm asking you. Why is there a \$10-billion discrepancy?

Hon. Peter Bethlenfalvy: No, I'm not going to answer for the FAO. They have to answer for themselves.

Ms. Jessica Bell: No, I'm asking you.

Hon. Peter Bethlenfalvy: I'm answering for our government numbers. And may I remind you, respectfully, that I'm out every 90 days: first quarter, third quarter, fall economic statement and the budget—four times a year. I have not missed a single 90-day report. We are also out every year on the public accounts. We've been out eight times in a row, talking about our public account numbers.

I'd suggest you talk to the FAO. And, by the way, the FAO projects. They don't have full information. A week later, their numbers are different. So sometimes they're high, they're low, they're all over. What I would point you to is our numbers, which are audited by the Auditor General.

Ms. Jessica Bell: Thank you, Minister. I'm going to reclaim my time. I appreciate it.

You can imagine that, when you look at how much debt each individual owes—the overall debt—it's about \$27,000 per person, if we calculate it out like that. People want honest and clear and transparent answers around what this government's plan is to reduce its debt. Quite frankly, I didn't get those answers today.

1430

I'm going to ask my next question. I'm just summarizing your response. My next question is focused on the estimates votes related to the Ontario Municipal Partnership Fund, which is the main source of assistance to municipalities. What I see when I look at those numbers is that we are seeing a very small increase in the amount of money that was spent in 2023-24 to the amount of money that's estimated to be spent in 2025-26. This small

increase does not factor in the impact of inflation that we are seeing in Ontario.

It's pretty safe to say that this funding increase is not sufficient for municipalities to respond to their growing demand for services like homelessness and addiction services, child care and infrastructure. We all know this. We can see it in our ridings. We have serious homelessness and addiction issues. We have infrastructure issues.

Just to take one of these to put this in context when we're talking about sheer amounts: When we look at infrastructure, the Financial Accountability Officer did a deep dive into the quality of municipalities' infrastructure, and they found that about 50% of municipalities' infrastructure is not in a state of good repair and that they would need \$52 billion to maintain infrastructure at a state of good repair. The reason why I give that example is so that we can all understand the significant financial shortfall that municipalities are facing right now.

So this is my question, Minister. It seems like municipalities are in this very difficult predicament where they're not receiving enough money from the provincial government to provide for the services and infrastructure that people are expecting, and they're also, year in and year out, increasing property taxes significantly in order to make up the shortfall. We're facing this challenge where we've essentially got three choices:

- municipalities can cut services and infrastructure;
- they can raise property taxes even further than they're looking at doing; or
- the Ontario government could increase funding to municipalities back to historical levels.

What's it going to be, Minister? My question to you is, can you listen to the calls from homeowners and from municipalities to provide additional funding to municipalities to meet this infrastructure and service funding shortfall?

Hon. Peter Bethlenfalvy: That's a great question. I'm sure you saw the announcement last Friday that Minister Thompson did on the 10% increase to the Ontario Municipal Partnership Fund, which was on top of the 10% the previous year for an increase of 20% in the last two years.

I'm sure you saw, in the fall economic statement, all the positive statements from Robin Jones, who's the head of the Association of Municipalities of Ontario, to all the municipal organizations around the country—in the north, in the west, in the east, in the south—right across the province.

And of course, you would have heard me at AMO in August say that no government has provided more funding for municipalities than this government, including a 45% increase from 2019 to 2024, and that has continued.

I would add that about three or four years ago, the Big City Mayors and AMO said their number one ask was to provide funding for homelessness. We had a program, the Homelessness Prevention Program, and we decided, instead of increasing it 10% a year and doing it for four years, we increased it by 40% in year one. So every single year, there's \$200 million on top of the \$500 million that

goes out the door to help our communities. That's a billion dollars over five years.

And of course, we just announced the continuation of the early child care program with support from the federal government on child care. So—

Ms. Jessica Bell: Minister, I'm going to reclaim my time. I'm fully aware of the various infrastructure funding that has been allocated to municipalities through various streams—

Hon. Peter Bethlenfalvy: I haven't even gotten there yet.

Ms. Jessica Bell: This actually comes from AMO: The challenge that the Big City Mayors and AMO are facing, as well as the city of Toronto, is that the funding that is currently being allocated, including the funding in the fall economic statement and what Carney has announced in the latest federal budget, is not sufficient to meet the infrastructure needs and the service needs. What it means is that municipalities right now are having those very tough conversations: "What are we going to cut?" or "How much are we going to raise property taxes?" I think homeowners across Ontario want to know what kind of property tax they are going to face, given the provincial government's reluctance to properly fund municipalities.

My question is, can you increase the amount of funding that's available to municipalities beyond what's already been committed?

Hon. Peter Bethlenfalvy: I think you're a few months late, because in August of 2025, three months ago, we made the announcement at AMO that we increased funding for housing-enabling infrastructure by \$1.6 billion, bringing the total to \$4 billion. Again, we heard from AMO and all the organizations that that kind of funding is critical for their infrastructure needs, for waste water, for water, for roads, for bridges—for all the infrastructure.

But we didn't stop there, of course. You heard the announcement that we made that we're helping people buy their first home. Their dream of new home ownership—

Ms. Jessica Bell: Minister, I'm going to reclaim my time again because I only have two minutes left.

Hon. Peter Bethlenfalvy: Okay. Sure.

Ms. Jessica Bell: You can appreciate my situation. These are some quicker questions.

The next question I have is about the Building Ontario Fund program, vote 1215. This program, as you know, is a new program designed to provide government financing to infrastructure projects like affordable housing, roads and long-term-care homes.

I see here that the announcements have that the Building Ontario Fund has a capital allocation of \$8 billion, but in the estimates here, only \$15 million is allocated to the fund. Can you explain that discrepancy for us?

Hon. Peter Bethlenfalvy: It's very simple: the difference between operating and hiring staff and having infrastructure to be able to process all the project inquiries that they've got. That's to fund operations and, of course, the capital is to fund the balance sheet.

We're very proud to have announced four long-term-care transactions that total almost 1,000 beds that otherwise wouldn't have got built that got built faster.

Ms. Jessica Bell: Thank you. I'm going to reclaim my time.

Hon. Peter Bethlenfalvy: Well, you asked the question.

Ms. Jessica Bell: You answered the question: one was capital; one was operations.

Hon. Peter Bethlenfalvy: Oh, you're happy with my answer. Okay, you're happy with the answer.

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

Laughter.

Ms. Jessica Bell: I know.

My final question for now is around the Building Ontario Fund and its commitment to help finance affordable housing. How many affordable homes has the Building Ontario Fund financed so far?

Hon. Peter Bethlenfalvy: It's a new organization. It's only been up and running for about a little over a year—

Ms. Jessica Bell: You've got 30 seconds. I'd love a simple answer.

Hon. Peter Bethlenfalvy: Here's one: Stay tuned.

Ms. Jessica Bell: That's no answer. Is there anyone in—

Hon. Peter Bethlenfalvy: This organization was just stood up.

We're very proud of 1,000 long-term-care beds and \$1 billion into Darlington, which is 18,000 construction jobs. Stay tuned. We're just getting more.

Ms. Jessica Bell: Okay.

My request to the committee and to staff is that I would like some of these answers. If they're not able to be answered now, if we could have staff follow up with some of the specifics.

Hon. Peter Bethlenfalvy: Chair, I think I've answered the questions.

The Chair (Hon. Ernie Hardeman): Thank you very much. That concludes the time.

I will now go to MPP Bowman.

Ms. Stephanie Bowman: Thank you to the minister and his team for being here today.

I'd like to start on the topic of unemployment and what's going on in Ontario. We've had nine quarters of rising unemployment in Ontario under this government, about 700,000 people out of work. When this government took office in 2018, Ontario actually had the second-lowest unemployment rate in the country. I think it was about 5.8%.

Minister, if this were an exam, this would be a short-answer question, just to clarify. Do you know how Ontario ranks compared to the other provinces today?

Hon. Peter Bethlenfalvy: How Ontario ranks in job creation? I would tell you that—

Ms. Stephanie Bowman: In unemployment rate.

Hon. Peter Bethlenfalvy: In unemployment rate, we're at 7.6%.

We have a plan to grow jobs. As you know, in the last two months, we saw about 60,000 new jobs—

Ms. Stephanie Bowman: Yes. Oh, sorry. That was a short-answer. I'll reclaim my time, Chair.

The Chair (Hon. Ernie Hardeman): Through the Chair, please.

Ms. Stephanie Bowman: Basically, Ontario has the third-highest unemployment rate in the country, Minister. In fact, we have more unemployed people than our population of workers in the workforce. We have 43.6% nationally of unemployed workers, and yet we have only 39.6% of workers. Again, we are actually a laggard, not a leader. We are dragging down the rest of the country when it comes to unemployment, sadly.

I would like you to talk a little bit about that. One of the things that the PC Party campaigned on in 2018 was manufacturing jobs. You promised to create 300,000 of them, but it's only about 26,000. So you're 88% short of your target after seven and a half years in government.

1440

I'm wondering if you could comment on why that's happened and why you think what you're doing now, which has been the same as you've been doing for the last few years, will result in anything different?

Hon. Peter Bethlenfalvy: Well, the "why" clearly is that we go through economic cycles. There's a global economic slowdown; tariffs are having an impact on the economic environment. We're not alone in Ontario. On top of that, it's not every day you get a 50% tariff on your steel industry, which is heavily focused in Ontario; on your auto manufacturing sector, when clearly Ontario is the heartbeat of auto manufacturing; lumber and so forth.

The good news is that we have a plan. We launched \$30 billion of supports in response to those events, which are having an impact. Just this quarter, WSIB rebates are going through; that's \$2 billion of supports for businesses, which are having an impact. Our plan continues to be—

Ms. Stephanie Bowman: I'd like to reclaim my time.

Hon. Peter Bethlenfalvy: Oh, I've got to stop.

Ms. Stephanie Bowman: Thank you, Minister. Again, I think that I've said it several times in the Legislature, but I'll just say it again here: Tariffs have only been in place for the last six months. You've had nine quarters—

Hon. Peter Bethlenfalvy: Since January.

Ms. Stephanie Bowman: Seven, eight, nine months—nine quarters of rising unemployment. So long before US tariffs, this government's plan was actually failing workers of Ontario. We have higher unemployment than we have had since 2012, and this government's plan is failing.

To the workers in my riding in Don Valley West, in Windsor, in Peterborough and across the province, small towns across this province who are experiencing high unemployment: Ontario actually leads—again, this is a bad number—the country in cities that are experiencing affordability crises, families feeling strained to make their mortgage payments, to make their rent payments. We top the list, Minister. So I would like to just come back to, what do you think about this plan that you've had in place for some time is going to result give us any different result?

Hon. Peter Bethlenfalvy: I go to those same cities; I'm hearing something very different. They see a government

that's got a plan, that's investing in their communities. You mentioned Windsor. We're investing in the EV battery plant there. We're investing in upgrading the interchange from EC Row to Banwell, I believe it is. We've invested in a new hospital in Windsor.

People in Windsor are feeling the support. If you go to some of the others—Peterborough: We have a member from Peterborough right here and he's seeing the actions that our government is taking that are having an effect—a million new jobs. In fact, in the last two months, 60,000 new jobs were created in this province. We have a plan that's mitigating the challenge of the global economic cycle and the tariff—

Ms. Stephanie Bowman: Chair, I'd like to reclaim my time.

Thank you, Minister. Again, just a reminder: Unemployment has been rising for nine consecutive quarters, long before US tariffs.

I'd like to talk about one of your programs that's arguably, on paper, meant to help workers, and that is the Skills Development Fund. A couple of billion dollars is being spent on that program. We know that—I think it's over \$700 million of that program have gone to applicants who scored less than high. Basically they got, call it a C, D or maybe even an F, in terms of their application. So I want to come back to your opening comments where you talked about respecting taxpayer dollars. How can you say that spending that money on those medium-, low- and poor-scoring applications was a good use of taxpayer dollars?

Hon. Peter Bethlenfalvy: What the member opposite fails to understand is that a million net new jobs were created in this province since we took over. Clearly Ontario's population has seen growth, so you're focused on the numbers. We're looking at real jobs that were created, which is food on the table.

In terms of the retraining and reskilling—what a great program, everywhere I go, training up to 700,000 people so far and on our way to a million. We have a shortage of labour in this province in the long-term as we transition, as the baby boomers age and retire. We need more millwrights, mechanics, boilermakers, welders, electricians—and the list goes on and on.

Ms. Stephanie Bowman: Chair? Thank you, Minister.

The Chair (Hon. Ernie Hardeman): She's reclaiming her time.

Ms. Stephanie Bowman: I'm not sure if it's the first time, but we've heard it here today. We have a Minister of Finance calling the skills development program a great program, yet we have the Auditor General calling it not fair, not transparent, not accountable. How do you reconcile those two things, Minister?

Hon. Peter Bethlenfalvy: I look at the effects on the workers. I talk to the workers all the time, right around the province, and all the recipients of the funding of this program—

Ms. Stephanie Bowman: Excuse me, Chair—

Hon. Peter Bethlenfalvy: —and what they tell me—

Ms. Stephanie Bowman: I'd like—Chair?

Hon. Peter Bethlenfalvy: I'm not going to listen to you from that perspective—

The Chair (Hon. Ernie Hardeman): Minister, she's reclaiming her time.

Ms. Stephanie Bowman: Sorry, Chair. I would like to come back to the connection between the results of the Auditor General report specifically, about the Skills Development Fund and how that is a good use of how we spend taxpayer money.

Mr. Dave Smith: Point of order.

The Chair (Hon. Ernie Hardeman): MPP Smith, point of order.

Mr. Dave Smith: We're discussing the estimates of the 2025-26 budget. Anything from the Auditor General is actually in the purview of public accounts, and it would be more appropriate for that member to be asking about the Auditor General's report in public accounts, not in estimates.

The Chair (Hon. Ernie Hardeman): The member will know we're doing the estimates, so I'm sure she will get back to the topic at hand.

Ms. Stephanie Bowman: Absolutely. Thank you, Chair. And again, vote 1203 is about the government's economic, fiscal and financial policy program. I would say that how the minister is talking about the jobs that they say that they are creating falls into that category.

And part of those jobs, the minister is claiming, comes from the Skills Development Fund, and the minister talked about spending taxpayer money fairly in his opening comments, so I'd like to come back to whether or not the minister is actually saying that spending over \$700 million of taxpayer money on applications that were scored poor, low, or medium was a good use of taxpayer money. Yes or no?

Hon. Peter Bethlenfalvy: Chair, this is a time to protect Ontario jobs, to support Ontario workers. We're going to spare no expense in helping retrain and reskill workers in this province. I go around the province and they tell me they benefit from the retraining and the reskilling.

Ms. Stephanie Bowman: I would like to submit that the minister has not answered my question. I would like a written response to the question of whether or not the minister thinks spending over \$700 million of taxpayer money on programs that were scored poor, low, or medium was a good use of taxpayer money.

Mr. Dave Smith: Point of order, Mr. Chair.

The Chair (Hon. Ernie Hardeman): Point of order, MPP Smith.

Mr. Dave Smith: We are discussing the estimates of the 2025-26 budget, and anything that is outside of that budget is outside of the scope of estimates for this committee. It is in scope, according to standing order 110(h), for public accounts. That question should be directed through public accounts, not through estimates, because it has nothing to do with the 2025-26 budget and that is what we are discussing.

The Chair (Hon. Ernie Hardeman): Well, again, I would just point out to the member that I'm sure that she recognizes that we are here discussing the 2025-26 esti-

mates for the Minister of Finance, and we will hopefully refer to the topic at hand.

Ms. Stephanie Bowman: Absolutely, Mr. Chair. And again, in the estimates we have another \$800 million being planned to be spent on the Skills Development Fund. So again, I would ask the minister whether or not he thinks it's a good use of money to spend that kind of taxpayer dollars on a program that has been found—because I know he believes the Auditor General does good work. He references her work on a regular basis, so I know he believes that she does good work, and she found that this program was not fair, not transparent, not accountable. So I would just like to know whether or not he thinks spending almost a billion dollars more on that program will be a good use of taxpayer money.

Hon. Peter Bethlenfalvy: And for the third time, I'm going to answer in exactly the same way: I think spending money to support workers to retrain and reskill for the in-demand jobs is absolutely critical to supporting those workers and to fostering a prosperous economy. We're very focused on the workers and on the businesses, and I do think that program is the right type of program to reskill and retrain.

We've done it for 700,000. We're going to keep going, and we plan to retrain and reskill even more workers. That's what they want from us.

Ms. Stephanie Bowman: Let's now talk about some of the relief measures that this government has referenced. It called an unnecessary, expensive early election, which it's apparently maybe going to do more of. And now, we've got a \$30-billion number being thrown around in terms of the investment or the support to Ontario businesses, yet we know \$9 billion of that—the minister talked about it himself—was temporary relief; it's already had to be repaid. We know that only \$1 billion of the \$5-billion Protect Ontario account has been released.

1450

So, as far as I can tell, according to the fall economic statement, which is a reflection and update of the spending plans for the province, we're only going to spend about another \$608 million in this current fiscal year in terms of increased spending from your budget.

I'd like you to, again, just talk about what money will actually go out the door in terms of expenses, not just capital dollars and loans etc. but direct relief to businesses. How much of that \$30 billion will go out the door in direct relief in the coming fiscal year?

Hon. Peter Bethlenfalvy: You understand, MPP, when you provide financial support to—I don't know—Ontario Power Generation, of \$1 billion, they're spending that money hiring workers right now.

I welcome you to come out to Darlington. Take a look at the site. You will not believe how far along that small modular reactor is, the first in the G7. These are real jobs. These are construction jobs. These are good-paying jobs—and then they're going to build another one and another one. So that money is flowing right now, and that was through the Building Ontario Fund.

I look at the Ontario Together Trade Fund, the first \$50 million that we announced as part of that package. That money has been awarded and is flowing. As a result, we've tripled that fund, so more businesses who have capital plans to reshore, to find new markets, to hire more workers is flowing right now as we speak.

The Protect Ontario account: Of course, as you know, we provided the support to Algoma. That's 2,800 jobs in the north, good-paying jobs. They didn't ask for a 50% tariff on their business, which precludes them from then selling where most of their customers are, in the United States. We're there to support them and help them through that transition.

Clearly, you saw—

Ms. Stephanie Bowman: Thank you, Chair—

The Chair (Hon. Ernie Hardeman): MPP Bowman.

Ms. Stephanie Bowman: I'd like to just talk about some of those construction jobs. We know that construction jobs, according to the latest October numbers, are actually down in the province. So, certainly, we welcome announcements that will create jobs, and so I hope to see that that will happen. But of the new jobs created in October, all of them were part-time jobs, Minister.

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

Ms. Stephanie Bowman: Again, it's nice to see that. It's nice to see that those jobs are coming. I think it was actually the Blue Jays bounce. Many of those jobs were in retail, hospitality, transportation, maybe Uber drivers working to take fans to the game and back home again.

So I would like to just ask you again what the impact of these investments that you're talking about will be on the unemployment rate, because the unemployment rate in your budget is scheduled to go up this year. So what difference will those investments make in terms of the unemployment rate here in Ontario?

Hon. Peter Bethlenfalvy: Well, I'm really glad that the member opposite agrees that every job is a good job. Whether it's a part-time job or a full-time job, a private sector job, a public sector job, all jobs are good jobs. So I'm glad we agree on that thing. Why don't you work with us to keep it going? Because we are going to do everything it takes to support our workers to make sure they have the investments necessary—

The Chair (Hon. Ernie Hardeman): Thank you very much. That concludes the time.

We'll go to the government side.

Interjections.

The Chair (Hon. Ernie Hardeman): Oh, I'm sorry. MPP Brady.

Ms. Bobbi Ann Brady: How dare you.

Laughter.

Ms. Bobbi Ann Brady: Thank you, Chair, and thank you, Minister and all of the staff here this afternoon from the ministry.

I'll provide a bit of background to my line of questioning: I recently met with representatives from Coding for Veterans. It's an organization that helps military veterans retrain for jobs in software development, cyber security and next-generation AI. The program that they operate

is in partnership with the University of Ottawa. They are working on backfilling open IT jobs across the country in the tech sector, including banks, defence contractors and small to medium-sized businesses. In terms of defence contractors, done properly, it could be a way for Canada to contribute to our NATO obligations. With a workforce requirement of 200,000 to 250,000 people, Canada is currently about 100,000 short. I believe that this is a good opportunity, especially here in Ontario. In the fall economic statement, there was mention of the initiative of positioning Ontario's defence industry for growth.

So I'm curious, Minister, what is the government's plan to leverage cyber security as a driver of economic opportunity and growth right here in Ontario?

Hon. Peter Bethlenfalvy: Thank you. I think that's a great question, actually, going forward. The thing is, as part of that fall economic statement, we highlighted—as you mentioned—not just only infrastructure, energy and critical minerals, but what I call the AI technology pillar, which includes defence spending, advanced manufacturing and anything related to IT. I think your question is bang on.

I'll answer in two parts: One is, clearly, the federal government has a commitment, as we saw just seven days ago with their budget, to increase their funding commitment to 5% over a period of time. If we think about 5% on a \$3-trillion economy, that's \$150 billion a year—almost a \$100 billion more than we spent today.

The second part of your question: I agree that there is a tremendous opportunity for Ontario with regard to IT and cyber. I also agree that some of our veterans and people who are no longer with the Canadian Armed Forces have some of the greatest skills to be able to pick up those jobs. I'd go even further: We have, in our auto manufacturing sector, in our advanced manufacturing sector, the skills to be able to work in building military equipment, to work in the cyber and IT areas—

Ms. Bobbi Ann Brady: Can I just interject? I only have five minutes.

Hon. Peter Bethlenfalvy: Sure.

Ms. Bobbi Ann Brady: Do you know, Minister, which ministry will be tasked with overseeing the scaling up of our defence industry in Ontario?

Hon. Peter Bethlenfalvy: That will be the Ministry of Economic Development primarily. Like most things in our government, if I may, it touches the Ministry of Labour, the Ministry of Finance, the Ministry of Colleges and Universities. It's a multi-ministry approach.

Ms. Bobbi Ann Brady: Okay. You mentioned the federal government. I'm going to just talk about industrial technology benefits for a minute. For those who don't know, they are the economic spin-off that is derived from defence contracts awarded across the country. All countries in the world, except for the US, have ITBs.

I'm just wondering: Has the province given any thought on how to leverage ITBs as part of positioning Ontario's defence industry?

Hon. Peter Bethlenfalvy: When you say "ITBs," can you just—

Ms. Bobbi Ann Brady: Those are industrial technology benefits.

Hon. Peter Bethlenfalvy: Industrial technology benefits: I can't speak specifically to other jurisdictions on those ITBs, as you call them.

But I think this is an opportunity to really, as we look at the economy going forward—where are the industries of tomorrow—match it with the talent base and the education base that we have here. That's why I say it's so critical to retrain, reskill, to educate. We have so many programs, even in secondary and post-secondary, through colleges, universities, through our labour unions and skilled trades and so forth. We have talent. We have the ambition and—

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

Ms. Bobbi Ann Brady: Just going to jump in there; sorry.

So, currently, there is over \$15 billion owed to Canada from foreign defence contractors in Innovation, Science and Economic Development Canada funds, and the federal government is tasked with overseeing this program. But there's \$15 billion. Given Ontario is 40% of the Canadian population, perhaps we would be entitled to about 40% of that \$15 billion. I'm just wondering if your ministry is pursuing 40% of that \$15 billion that is owed to Canada right now?

Hon. Peter Bethlenfalvy: I'm going to have to ask my deputy, or maybe someone who may have a bit more knowledge on that particular federal file.

Mr. Jason Fitzsimmons: I'm personally not familiar with it.

Hon. Peter Bethlenfalvy: Anybody else?

Ms. Bobbi Ann Brady: There is a lot of money we can be going after.

Hon. Peter Bethlenfalvy: But I will say this: That's what a minister—

The Chair (Hon. Ernie Hardeman): Well, you would have to say it in the next round.

With that, we go to the government: MPP Smith.

Mr. Dave Smith: Thanks, Chair. I appreciate that.

I want to touch on fiscal health a little bit because one of the things with estimates, we do get the average person watching this on TV and listening to us. I think, a lot of times, when we're coming out with questions, we're coming out with things that the average person really has a little bit of difficulty associating with. But fiscal health is one of those things that every person in Ontario should have an understanding of, because we all have to pay our own bills. We all have rent or a mortgage to pay. We all have groceries and so on. We understand that when our own fiscal health isn't in good shape, we have trouble paying for some of the things that we need to pay for.

When you were talking earlier during your speech, you did mention Ontario's fiscal health and the position that we're in now. I was hoping you could provide some contrast between Ontario's fiscal well-being today and what it was like before 2018, so that everybody has a better understanding of some of the key areas of where we've had improvement over the years, and how we're better

able to leverage that improvement so that we can continue to build a stronger province.

1500

Hon. Peter Bethlenfalvy: Thank you. I can tell you, pre-2018 we had a government that built absolutely nothing—virtually nothing—and taxed a lot of things, so taxes went up and credit ratings went down. They publicly said that Ontario was no longer focused on manufacturing; it was going to be a service economy. That caused a lot of damage in Ontario.

So to the question from the member opposite, we're doing a lot of catch-up. When you're not building hospitals, when you're not building long-term care, subways, highways, the critical infrastructure—and I'll give you an example. In Pickering, in my riding: zero long-term-care beds. It's an aging population, so you have a growing need, and zero beds built between 2011 and 2018.

The Chair (Hon. Ernie Hardeman): MPP Bowman.

Ms. Stephanie Bowman: Chair, I would just like to raise an objection about whether or not this is in fact a history lesson or a lesson or a discussion about the estimates going forward in the year 2025-26.

The Chair (Hon. Ernie Hardeman): The member will know that we're doing the estimates for 2025-26, and I'm sure he'll get back to that.

Mr. Dave Smith: Absolutely. My question was the comparison this year to previous years and that, yes, that is very much in line with where we are today. I want to know about our fiscal health for Ontario and why we're in a better position today, and if the minister could expand on some of those key measures that we have. That is very relevant for the 2025-26 budget.

Hon. Peter Bethlenfalvy: And I was just about to get there that, for example, in our long-term care in estimates this year, we have some 24,000 beds that are being built, have been built, are under construction or are approved to be built. That's what having the fiscal firepower does, so that you can actually get things done and build beds, and that's embedded in our 2025-26 estimates and the continuation of that.

It also means with the prudent fiscal position that we're in that we're able to invest in 2025-26 in our health sector, some \$91 billion. You know, our increase in funding for the health sector has increased from \$61 billion to \$91 billion in seven years, a 50% increase, almost 7% a year, building the critical infrastructure, hiring the human health resources, transforming our health care system. We're seeing the same, as I was just saying, in the long-term-care sector—also, critically, building new acute care beds. Building is in our plan, in 2025-26: building long-term-care beds that I just referenced; putting more funding in for home care, a record amount of investment in home care so that people can age at home; and primary care, finally, a \$2.1-billion announcement in 2025-26 to attach every Ontarian to a family doctor.

We're able to do this, MPP Smith, because of the capacity of our balance sheet and our income statement. Under the previous government, to go back to history, they got downgraded number of times. They increased taxes

and got downgraded. We are decreasing taxes, and we're getting upgraded. Our economy is stronger: \$1.2 trillion. That allows you to build, as we are funding in the 2025-26 fiscal year some \$200-billion investment in capital, some \$30 billion just this fiscal year. It allows us the opportunity to invest in workers and provide the funding for the retraining and reskilling of workers. It allows us to fund the ongoing building of subways and light rapid transit and other means of transit so we can move people and goods to market. That boosts your productivity. That boosts your economy. That boosts the social welfare of the province, and it boosts the productivity massively.

There's a number of initiatives in our estimates that support that, thanks to strong fiscal management. Finally, I will just say it's not either/or. You can be a sound fiscal manager, invest in the economy, invest in your workers, invest in building that critical infrastructure. You can do it all, and Ontario is demonstrating not just to Canada but to the world that we can do that.

Mr. Dave Smith: Thank you, Minister.

The Chair (Hon. Ernie Hardeman): MPP Saunderson.

Mr. Brian Saunderson: Thank you, Minister, for your attendance today and your stewardship of the province, and I want to thank your staff as well. My question really picks up on MPP Smith's question.

When I was in the municipal sector for eight years, our key metric for our municipality was always our net financial position, how we're doing in terms of money coming in versus money coming out and balancing those two, walking that tightrope effectively. And I know there's a lot fewer zeros at the municipal level than we have here, but I was interested in your comments about our net financial position, how our GDP has gone up so dramatically since 2018 so that our debt-to-GDP ratio is coming down, and your comment that we can be fiscally responsible while at the same time making critical transformative investments.

Then you mentioned the eight clean audits and the fact that our credit rating has been upgraded twice so that now all four credit ratings, we're at an AA status—something which we haven't been at for, I think, decades.

I'm wondering if you can elaborate on basically how our government's fiscal strategy this year and moving forward has contributed to these upgrades and how maintaining this path to balance—you projected in 2027-28—will continue to support Ontario's long-term growth and the ability to make these critical financial investments while making us more resilient and sustainable at the same time.

Hon. Peter Bethlenfalvy: Thank you, MPP Saunderson, and thank you again for your service.

I think a fundamental point here was made by our members opposite that you can either increase taxes, which the previous government did; cut services, which this government is not doing; or you can grow your economy. We've chosen the latter—what a concept. If you increase the prosperity and give people the opportunity to have good-paying jobs, that will allow you to invest in our critical infrastructure, our economy, our workers and our social infrastructure.

I think a couple of key take-aways from that is when you put—as we highlighted in the fall economic statement and to all the decisions made through 2025-26, we put \$11.7 billion back in the pockets of individuals. That has a stimulative effect. It helps them with affordability; it means that they get to choose how to spend their money, and I think they can do it on some things better than we can. They can't build a hospital, but they can do a lot of other things—\$11.5 billion back into the pockets of businesses in terms of relief and tax cuts, not least of which is the gas tax, which is permanent.

Some governments over the last decade chose to increase the carbon tax; some governments chose to do nothing. This government chose to cut the gas tax, to put more money back in the pockets of those small businesses, farmers and workers so that we make life a little bit more affordable, so they could choose how to spend their own money.

I say all this because our population is growing. One of the great things about this province and this country is that people around the world want to come here. I wouldn't be standing here right now in front of you—sitting; I wouldn't be sitting here in front of you, Chair—and I said this yesterday at numerous Remembrance ceremonies, if Canadians hadn't gone and fought on the shores of France at Dieppe and Juno and all the others. Because my parents would have not ever been able to come to Canada. They were able to leave Europe, war-torn Europe, to come to Canada. We want people to come to this great province, and our population's grown by almost two million. We're going to continue to invest in the people that come to this province, in the people who are here, working with First Nations, build more together.

I think I'm more optimistic now in terms of our economic prospects than I have been in a long time, because we are working together municipally—Webequie First Nation up at the Ring of Fire; and with the First Nation in Chatham building a transmission link through the Indigenous opportunities partnership fund, which is part of our 2025-26 estimates. We're doing the types of things—working collaboratively with the federal government to where one plus one is equal to three. I think this is the opportunity, in combination with being fiscally responsible, it gives us so many more opportunities to invest in all the things that matter to Ontarians.

Mr. Brian Saunderson: Thank you, Minister.

The Chair (Hon. Ernie Hardeman): MPP Racinsky.

Mr. Joseph Racinsky: Thank you, Minister, for your remarks this afternoon.

It might interest the committee, but it was really, in large part, the fiscal mismanagement of the previous Liberal government that motivated me, as a 16-year-old living in rural Halton Hills, to put up my hand, get involved, support this Premier, support this government. I'm extremely proud of the fiscal management and the fiscal record that you have outlined for us today. I would certainly take that record over the previous Liberal government, let alone the disastrous record of the official opposition.

1510

Minister, my question to you today—through you, Chair—is about competitiveness. You spoke about the importance of strengthening Ontario's competitiveness and building a more self-reliant and resilient economy. And when I go out and speak to residents, when I knock on doors, the number one thing they want from their government is a government that's going to be able to help us stand on our own two feet and not rely so much on the relationship with the United States.

Could you speak a bit about how upskilling our workers, enhancing trade within Canada, ensuring that we have the skilled trades workers that we need so that we can compete on a global stage—how that's accomplished through the 2025-26 budget?

Hon. Peter Bethlenfalvy: Yes, thank you. I am glad you put your hand up as a 16-year-old. You're doing a fantastic job, so thank you.

I would be remiss if I didn't mention that we're accelerating some build of new acute care beds both in Oakville and in Halton to continue our path to building 3,000 acute care beds. Those beds will be built by, I believe, 2029. It's because we have the fiscal capacity that we can accelerate a number of constructions of acute care beds for individuals.

I am going to build first on—I'll get to the workers part of your question, but I think what's really important that we continue to do is set the conditions for the environment for capital to be invested here in this province. I think about some of the things that help make that investment, because what does that capital do? It hires workers. It invests in technology. It invests in workers. It invests in people to continue to make things and compete in the market economy.

I think about things like the business education property tax that we cut. I think about the Ontario Made Manufacturing Investment Tax Credit that we enhanced in the 2025-26 estimates that is going to yield \$1.3 billion—call it a manufacturing tax cut—to incent more capital investment for manufacturing, for robotics, for buildings here in Ontario. I think about the aforementioned gas tax cut, which we made permanent in 2025-26.

As some governments choose to increase taxes, we've chosen to decrease taxes. We've also cut the small business tax, and we have changed the thresholds. We've changed the parameters so that small businesses can keep more money. We've cut alcohol taxes right across the board—beer tax, craft beer, cideries, spirits, wine tax, you name it—so that we put more money back in the pockets of the businesses that are competing.

We want a level playing field—

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

Hon. Peter Bethlenfalvy: —to compete. Sorry?

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

Hon. Peter Bethlenfalvy: One minute?

We want a level playing field. We have the best workers, the most innovative, most productive workers. I go to the Oshawa plant, they are the most—GM will tell me—they told me, they are the most productive workers just about

anywhere. They are all in Canada. They are up in Alliston. They are in Brampton. They are in Windsor. They are at the GM plant in Oshawa. But we need to have the conditions that the companies, the investors want to invest. I tell you, when we set the conditions right, that's what will continue to power our economy.

Mr. Joseph Racinsky: Thank you.

The Chair (Hon. Ernie Hardeman): We'll just wait a minute—20 seconds.

Mr. Dave Smith: A minute and 20 seconds?

The Chair (Hon. Ernie Hardeman): Twenty seconds.

Mr. Dave Smith: Thanks, Chair. I appreciate that.

With only 20 seconds, Minister, I'm afraid we're not going to be able to get a question in, but we do have another round, so there's some good things that we do want to get to. I just want to point out, since the member opposite mentioned Peterborough, the investments that have come into Peterborough—

The Chair (Hon. Ernie Hardeman): Thank you very much. That's it. That concludes the time.

Before we start the next round, I would just like to make a statement. I think the committee all needs to hear this. The time that is allocated to the members of the committee belongs to the members of the committee and—this is for the presenter to make sure that we understand that—the time can be reclaimed at any time that you would like.

The reason we are here is to hear the answers from the minister, not the questions from the members of the committee—we could do that without the minister. We want the minister's answers.

I think if everybody speaks through the Chair, both of those objectives will be better served.

With that, the NDP: MPP Bell.

Ms. Jessica Bell: Thank you, Chair. I am looking forward to hearing the answers from the minister.

My next question is focused on the tax, benefits and local finance program, vote 1209. This vote focuses on the development of policies and legislation governing Ontario's property tax system, or MPAC. MPAC's last big assessment was in 2016, and it was paused during the COVID pandemic, which made sense. But now, eight years later, it's safe to say that the discrepancy between the price of homes and the tax homeowners are paying is growing. That will mean that the number of appeals will increase, and there will be an increase in the number of people who might be paying a property tax assessment which is not fair.

Many organizations including AMO are wanting to know when the Ontario government will move forward with a review of the property tax assessment system to update it to current levels. When can we expect a review of MPAC?

Hon. Peter Bethlenfalvy: Chair, as I mentioned, at AMO, when I was asked that question in front of a couple of thousand people, I answered. That answer remains the same today. We continue to have very robust discussions and engagement with stakeholders right across the province. MPAC is very involved in that. Our ministry is very involved in those consultations.

I'll remind the member, as I do with all the municipalities that I engage with, that this property tax assessment is revenue-neutral. It doesn't change one penny of revenue because it's all a zero-sum, revenue-neutral mechanism.

Yes, it's been since 2016. We did go through COVID. We're going through the tariff situation right now. But we're continuing to engage with stakeholders right across the province, including AMO, including all the relevant parties, to get their feedback. We've made a number of changes and enhancements.

I would be happy to, if you'd like, have the official who can go through some of the detail of a number of those things that we've done—

Ms. Jessica Bell: I'm going to reclaim my time.

I asked a very specific question: When is it going to happen? I understand that this consultation is happening, but we haven't, at this point, heard a specific date around when it's going to happen.

I'm going to move on to my next question. This is very specific. It's related to the \$40-million reduction in services under vote 1209-1. Which services are being reduced under that budget line?

Hon. Peter Bethlenfalvy: Deputy?

Mr. Jason Fitzsimmons: Sure. I'm going to have to pull it out in front of me.

Hon. Peter Bethlenfalvy: I don't have the document in front of me. It's vote 1209.

Ms. Jessica Bell: I can imagine that's a staff question. It's vote 1209-1. There's a \$40-million reduction in services.

Mr. Jason Fitzsimmons: Could you just give me a page reference, please?

Ms. Jessica Bell: I actually don't have the page reference in front of me because I used the website; I didn't use the book.

Mr. Jason Fitzsimmons: So—

Ms. Jessica Bell: Vote 1209.

Mr. Jason Fitzsimmons: Just let me pull it up.

Ms. Jessica Bell: For the interest of time, I am going to continue my questions, if it's fair. When there is a specific answer, then you can respond. It's a genuine question; it's not a "gotcha" question. We are genuinely curious.

Hon. Peter Bethlenfalvy: Okay.

Ms. Jessica Bell: The next vote I would like to move on to is the alcohol policy and marketplace modernization program, vote 1216. What we're seeing with alcohol policy in this government is that we are seeing a decline in LCBO revenues. For the first time, the LCBO revenues have dropped below \$2 billion. What we are also seeing is that the cost of the alcohol policy marketplace implementation program is going up.

This is happening at a time when the Premier insisted that reforms would not impact provincial revenue, but clearly it is. The Financial Accountability Officer is estimating that Ontario could lose between \$529 million to \$1.9 billion in revenue from changes to Ontario's alcohol policy. It costs more to run the program—in fact, it is a 2,972% increase in spending for this program—but we're getting less revenue for the government.

My question is, why proceed with an alcohol expansion program like this—and for those who are listening, it means you can buy alcohol in supermarkets and corner stores—when we're losing revenue and it's going to cost us more money, it seems, to implement the program?

Hon. Peter Bethlenfalvy: First off, I think you would acknowledge that it's been wildly successful to change a 100-year monopoly framework to provide consumers more choice and convenience. There are some 6,000 points of sale. The convenience stores say it has been a game-changer. Their revenues are up on the long weekends 33%. Restaurants, same way; groceries, same way—a big success story.

1520

In terms of the revenue, a couple of things. Clearly, consumption for the LCBO—alcohol consumption is, globally, but here in Ontario as well, decreasing. So that's just a fact. I'll ask the deputy maybe to expand, if he'd like, on some of that vote item.

The second is there was this cost to taking all US alcohol off the shelves, which we continue to feel is the right move. That has had the corollary of increasing domestic sales of craft, and a whole bunch of other products here are going through the roof.

Thirdly, we had changed—we did this earlier in the year—the markups and the wholesale margin. We've reduced the taxes and fees, so that has an impact, putting more money back in producers' pockets and in consumers' pockets. That has had the impact, those things combined, to change the updated number which I tabled in May in the budget, \$1.8 billion for the LCBO, which is the exact same number that we have in the fall economic statement.

We also, in the budget—which I don't have—highlighted the next two years of income for the LCBO. We've highlighted those. Those are there: \$2.3 billion and \$2.4 billion respectively.

Ms. Jessica Bell: Minister, I'm going to reclaim my time. I'm doing my best here.

Hon. Peter Bethlenfalvy: Those are facts.

Ms. Jessica Bell: Just to summarize, I asked you a pretty straight-up question. Revenue that is coming in from the LCBO and from alcohol sales is going down, but the cost of actually implementing the program is skyrocketing. It surprises me, given that you like the numbers, that you would be okay with a program that's costing a whole lot more but bringing in less revenue.

I want to ask—

Hon. Peter Bethlenfalvy: I didn't say I was okay. I explained why. The numbers are the numbers.

Ms. Jessica Bell: Why, yes—you explained why.

I've got a question, actually, about the alcohol policy marketplace implementation program. I'm going to explain the cost of this program to you. In 2023-24, the program cost \$2.8 million to operate. Now, in 2025-26, the program is costing \$103 million to operate, so that is a 2,972% increase in spending.

It was really interesting. In the estimates, you actually took out the percentages for this section even though you

typically put them in, which surprised me. Why not keep the percentages in?

Can you explain this jump in increased spending for alcohol marketplace implementation? What is this money being spent on?

Hon. Peter Bethlenfalvy: Yes, I'm going to defer to the deputy specifically for the details of that, because I don't want to misspeak on which part.

Ms. Jessica Bell: That's fair.

Hon. Peter Bethlenfalvy: I think it might be elements. There are a couple of elements in there.

Ms. Jessica Bell: Could you respond to that question?

Mr. Jason Fitzsimmons: Sure.

Hon. Peter Bethlenfalvy: When he's finished, I'm going to weigh on this.

Mr. Jason Fitzsimmons: Can I go back to your first question?

Ms. Jessica Bell: Yes.

Mr. Jason Fitzsimmons: In vote 1209-1, the \$40-million reduction in services that you were referencing is actually a reduction in costs associated with the one-time rebate program and the fees that were paid in the administration of that program.

We would have hit a peak in 2024-25, but 99% of cheques have been issued to eligible recipients, so we now start to see a gradual wind-down of that of that program.

Ms. Jessica Bell: Okay. The second one is around the alcohol policy marketplace implementation and the jump in the cost of running the program from \$2.8 million to \$103 million.

Mr. Jason Fitzsimmons: It's probably two principal drivers there: some additional staffing, additional compensation related to payments in 2024-25 and 2025-26—compensation increases across the board—plus remaining payments to the Beer Store for early implementation of about \$95 million.

Ms. Jessica Bell: Just to clarify that, I'm guessing that unless you hired a whole lot more staff or gave them very big pay increases, the bulk of this change is the result of paying the Beer Store to cancel the contract early. Would that be correct?

Mr. Jason Fitzsimmons: The total payment is \$225 million. The residual on that payment that will be expensed in 2025-26 is just approximately \$95 million.

Ms. Jessica Bell: You've put it into two different years.

Mr. Jason Fitzsimmons: Yes. This is in two different years.

Ms. Jessica Bell: Okay. Thank you for that.

I want to go back to that question that I was asking you, Minister. You were explaining why, but you didn't explain if you thought it was a good idea. So my question again is, why proceed with an alcohol expansion program that's bringing in less revenue and is costing us more money to implement the program? Why do it?

Hon. Peter Bethlenfalvy: As you know, we're changing the model so that wholesale will now be done exclusively by the LCBO for all alcohol products, including the beer. That was something done before by the Beer Store.

We also had the temporary costs. So, as we transition into that, that has the impact of reducing, as we transition, some of the revenues—to get the early implementation which, in part, was to support the Beer Store and the workers in those jurisdictions where they apply.

And then finally, I think it's been wildly successful because I hear from everyday Ontarians. Every single day, they are so grateful that we have changed a monopoly into choice and convenience for consumers. That's what they want.

As I said, we're fiscally responsible. We're balancing our books and able to provide more money back in the producers' pockets.

The Chair (Hon. Ernie Hardeman): MPP Bell.

Ms. Jessica Bell: Thank you, Minister. I question whether losing revenue that could go to improving our schools, lowering class sizes or increasing the number of health care workers that are working in our hospitals—I actually think that that's a better amount of money, it's a wiser choice to spend revenue on that than it would be to liberalize our alcohol policy, but that's me.

I have another very specific question; it's on page 145 of the report. There is \$94 million in other transactions. What are these other transactions?

I believe this would probably be a question for the deputy.

Hon. Peter Bethlenfalvy: I believe you are correct.

Mr. Jason Fitzsimmons: Just give me one second.

Hon. Peter Bethlenfalvy: It's on page 145.

Did you say page 145?

Ms. Jessica Bell: On page 145, there is \$94 million in other transactions.

This is like a test.

Mr. Jason Fitzsimmons: Yes. The \$94 million you see related there, that is the payment to the Beer Store that we discussed earlier.

Ms. Jessica Bell: Okay. All right. Thank you. I appreciate that.

Mr. Jason Fitzsimmons: Yes. Thank you.

Ms. Jessica Bell: My next questions are focused on some of the tax cuts that we have seen in the ministry, as well as in the fall economic statement.

The Canadian Centre for Policy Alternatives looked at the fall economic statement, the Ontario economic outlook and the fiscal review, and they concluded that Ontario's revenue is actually in decline. They estimate that there is going to be a drop in revenue, compared to the province, of 1.2% compared to now, and we will gain revenue in 2027-28.

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

Ms. Jessica Bell: I just don't understand how the math works here. We have a growing deficit, we have increased debt and we have a commitment from this government to lower revenues. What does that look like, in terms of this government's commitment to delivering key services like health care, education and funding to municipalities? It doesn't make sense how you can continue to provide that funding, given the cut in revenues and the growing deficit.

Hon. Peter Bethlenfalvy: First off, I'm not going to speak to that organization's math. What I will speak to is our math which, I will remind the member, is eight straight clean opinions on our revenues, on our expenses—audit opinions. That matters. That matters for transparency, reliability, and it matters to markets.

By the way, our interest costs are now the lowest they've been in over a decade—

The Chair (Hon. Ernie Hardeman): Thank you very much.

Hon. Peter Bethlenfalvy: That's it?

The Chair (Hon. Ernie Hardeman): That concludes the time for that question.

We'll now go to MPP Bowman.

Ms. Stephanie Bowman: I'd like to talk a little bit more about the overall fiscal health of the of the province and, in doing so, just talk a little bit about some of the previous comments from the minister just to, again, state some facts here.

1530

The previous Liberal government constructed or started planning for 35 hospitals, not zero. The previous Liberal government built Fraser Mustard kindergarten in my riding. It's the largest kindergarten school in the country; we're very proud of it, educating students new to Canada and helping them get established for their future education here in Ontario. And we started the Cortellucci Vaughan Hospital, which this Premier had the privilege to open.

So I just wanted to highlight that, as well as the fact that the previous Liberal government cut the small business tax rate in half. This government has cut it, but only by 0.3%. The CFIB has called for a significant cut in the small business tax rate to help their members. I have tabled that. This government voted that down as well. I've got that on the table again. We'll be debating that.

But I do want to, again, talk about fiscal health. This government has talked about balancing the budget and that it's "a fiscal and moral imperative." But yet, Minister, under your government and under your leadership—and the previous Minister of Finance—you have changed the date for balancing the budget five times as of the budget this past spring. I would like you to talk a little bit more about why that is. My view is that never has a government spent so much to deliver so little.

We have examples of hundreds of millions of dollars going out the door to applicants who are fair, poor, medium on the Skills Development Fund. We have a tunnel under the 401; well, the tunnel to build the Scarborough extension, which goes under the 401, was eight months late. It's very difficult to tunnel under the 401. We have a government who won't talk about the results of their own internal study on the challenges or the feasibility of building that tunnel. And we now have a government saying they're going to spend another \$9 million of taxpayer money to assess the feasibility of that.

Minister, I would like you just to talk about where in all of that—oh, and by the way, debt and interest costs will be growing, according to your own projections, at a rate faster

than GDP growth in the next few years. So how is all that a path to balance?

Hon. Peter Bethlenfalvy: Well, as someone who understands the economy and global economics, you know economic cycles, and we're in a downturn in the economic cycle. Those numbers are reflected in our fall economic statement.

But I'll tell you this: You mentioned one hospital; we have 50 hospitals being built in projects right now—50, for a \$60-billion plan. Ontario has never seen that, and certainly did not see that under 15 years of the Liberal government. And nor the subway lines; we have four subway lines being built right now.

Now, on interest expense: At 5.5% in our public accounts in 2024-25 and below our 7% in a rising interest rate environment, it's the lowest interest expense-to-revenue since the 1980s.

So I would just point to how those are the facts. That's not an opinion; that's the facts. That's what markets look at. That's why our borrowing costs are lower, which frees up more money to invest in those hospitals, in those highways, in those subways, in the critical social infrastructure.

Ms. Stephanie Bowman: I forgot to mention one project: the Eglinton Crosstown. The previous Liberal government started it; this government can't finish it. I hope that you have better luck with other projects.

But let's come back to the fiscal health. Again, my honourable colleague here has talked about this in terms of the deficits in the FAO's estimates compared to your own. We know that the FAO basically says your projection to get to a balanced budget by 2027-28 is off by tens of billions of dollars. I know that MPP Bell just asked you about what that would look like and why. And basically, the FAO did actually answer that in their report. They talked about the fact that demographics—it's statistics, Minister; as we age, we need more health care, and so the cost drivers to all of the programs that we have in place today are going to drive costs up.

So you talk about not cutting services. Well, we had 1,200 ER closures just last year. I would say that's a cut to services. We have over two million people in Ontario who don't have a family doctor. I would say that is a cut to services.

I would just want to again come back to the fiction that you are projecting here in terms of being able to balance the budget by 2027-28 when all of the demographics point to exactly the opposite.

Hon. Peter Bethlenfalvy: She may talk fiction; I'm going to talk facts. The facts: In the seven years we've been in government, year after the year, the FAO puts out a report. You wave it, and one week later their numbers change. Seven years in a row, we've invested \$30 billion more—7% more a year—in our health sector, historic investments in the health sector. And in the last three years, just in our health—you can just look it up in the budgets—it's up \$14 billion as we transform in primary care, acute care, home care, long-term care and support our health care workers. Education—

Ms. Stephanie Bowman: Chair.

The Chair (Hon. Ernie Hardeman): MPP Bowman.

Ms. Stephanie Bowman: Again, thank you, Chair. I would just like to remind the Minister that you might be spending more, but you're delivering less: Two and a half million people in Ontario don't have a family doctor, 1,200 ER closures, hospitals closing in this province, including the Minden hospital. I don't see that as spending taxpayer money wisely.

I just want, again, to come back to the fact that we've got—there are, as you point out, three options as to how you can balance the budget: You can cut services, you can increase taxes, or you can grow the economy.

The economy is not growing as fast as it as it did under the previous Liberal government. It grew on average 2.5% under the previous Liberal government; it's about 2% under your government. Every government faces economic challenges, so that is not unique.

What I do see here is a government who is not being transparent with the people of Ontario about what the deficit will be in 2027-28—perhaps even this year, Minister. I don't see any number in the estimates related to the increased spend on the energy rebate program. It's estimated to be probably an extra \$2 billion, given that the electricity rates in Ontario are going up 29%. And you're going to pay millionaires, billionaires and all the people in this room who don't need a rebate. You're going to put a rebate on their hydro bills every month.

I would just like to come back to—in practical terms, explain to people how you will balance the budget by 2027-28, when GDP growth is slowing, when we've already got decreases to services, and we have a government who is spending money on things like the Skills Development Fund, which the Auditor General has called not fair, not transparent, not accountable.

Hon. Peter Bethlenfalvy: Let's go again from fiction to facts. The fact is we have a plan that we've been out every 90 days since we were elected in 2018 to tell the people how we're spending their money and to be held accountable for spending that money, something that the previous Liberal government missed eight quarters out of 14 in their previous term, facing the public on the same things.

Let me also tell you about the plan that we have for primary care: \$2.1 billion. We announced \$235 million to attach 300,000 people. We just announced another series of applications for an additional 500,000 patients being attached to a family doctor through the leadership of Sylvia Jones and Jane Philpott executing the plan.

In the Wynne government, when her party was in power, how many medical schools did they build in the face of a growing population and aging population? Well, I'll tell you: zero. We've got three medical schools plus one in my riding, which is a partnership—

Ms. Stephanie Bowman: Thank you, Chair.

The Chair (Hon. Ernie Hardeman): MPP Bowman.

Ms. Stephanie Bowman: I'd like to come back, again, to the fiscal health. You know, Minister, you've set some targets for yourself, for your government around that.

Debt-to-revenues is going to be about 209% by 2028, which is in excess of your target of 200%.

And we know that interest rates are falling, and they have been falling under the Bank of Canada cutting rates. This government likes to call on the governor to do that. You certainly have benefited from that, but that's not within your own control. But debt is within your own control, Minister.

As you continue to spend and spend, and yet we have GDP growth that is falling, we have unemployment that is rising, I would like to have some specific answers. I agree with MPP Bell about the Auditor General's report saying that you don't have a debt reduction strategy. It's right in her report, Minister. You reference her regularly. I'd like you to actually comment on that. You've got revenues likely shrinking on LCBO and other things in the next few years. How are you going to balance the books by 2028?

1540

Hon. Peter Bethlenfalvy: Chair, can you name me a sovereign or province that's been credit-rating-upgraded in the last number of years—not just in Canada, but around the world? If that is not evidence that we are fiscally responsible and managing our—

Ms. Stephanie Bowman: Chair?

The Chair (Hon. Ernie Hardeman): MPP Bowman.

Ms. Stephanie Bowman: Thank you. A very specific question, Minister, about how—give us a realistic picture, like specific measures that you will be taking to achieve that balanced budget by 2028. Specific measures: Is it, again, going to be a decrease to services? Is it going to be an increase in taxes? Or are you just going to move the target again, move the date again—which is what you've done five times now, I think six, if we include the fall economic statement?

Hon. Peter Bethlenfalvy: So COVID or tariffs have nothing to do with the global economy.

Look, we're committed to our path to balance, and that's why we're also committed to doing what your government never did, which was think about growing the economy. That's why we've invested in jobs—

Ms. Stephanie Bowman: Sorry, Chair, I'd like to just reclaim my time.

You know, it's funny, my mother taught me never to say never: "Never say never, because it will come back to bite you." Again, Minister, the GDP growth under the previous Liberal government averaged 2.5%.

Let me just come back to my question, which is what specific measures can the people of Ontario count on from this government for you to achieve a balanced budget by 2027-28? Specific fiscal measures.

Hon. Peter Bethlenfalvy: The numbers are transparently laid out. I go over it every 90 days to explain how we spent the people's money. We have a plan, a fiscal plan that acted early in the face of tariffs, which are slowing down the global economy. We're not immune from that. We have a plan to support workers that we've been retraining and reskilling throughout. We have a plan to invest in energy, not just power or clean energy for today, which is

creating construction jobs and growing our economy, MPP Bowman.

Ms. Stephanie Bowman: I would just like to highlight that the minister has not outlined specific measures that his government is going to take to achieve the balanced budget. The FAO has been very clear; the cost drivers are right there in front of us all: an aging population, the number of kids who will be going to school. It's all very clear, Minister. The cost drivers drive the cost of the programs, and you have not laid out for us today how you are going to achieve either savings in those programs or grow revenues to achieve a balanced budget.

I would like to move on to talk about alcohol. It's a hot topic today, as it often is. We know that this government is spending anywhere between \$1.4 billion and \$1.8 billion to \$9 billion to get out of the beer store contracts early and pay wholesalers and all of those things. The FAO did that report as well. We know that the payments to the beer store alone were \$225 million to break the contract early, to get out of it a year early. And we know that revenues are going to be decreasing.

We know that you are moving to a model where all retailers—perhaps including the LCBO, I'd like to ask you that—according to your fall economic statement, will be using the LCBO in a wholesale model.

I would like you to explain to us how the LCBO—what will it look like in a year? Last year, you said that you're confident; you think the future's bright for the LCBO. Is the future bright for LCBO retail workers in this province today?

Hon. Peter Bethlenfalvy: In the fall economic statement, we have a clear path to balance. It's all here, so we're going to have to agree to disagree. Our plan is laid out completely. I've answered the questions repeatedly on our path to balance and we're committed to that.

In terms of alcohol modernization, this is good for LCBO workers. It's good for workers in convenience stores, in the restaurant industry, at grocers. Modernizing is great for consumers because now they have more convenience and choice. I think it's gone better than we even thought in terms of providing 6,000 points of sale that didn't exist in the past. It's helped the domestic producers. It's helped to create more revenue and jobs. It's a huge success.

The Chair (Hon. Ernie Hardeman): MPP Bowman, you have 11 seconds.

Ms. Stephanie Bowman: I would just like to ask the minister again: How many LCBO retail outlets does he think there will be beyond 2027?

The Chair (Hon. Ernie Hardeman): Thank you very much. There is no time for you to answer.

We'll now go to the independent. MPP Brady.

Ms. Bobbi Ann Brady: And we'll go from alcohol to tobacco. I represent the great riding of Haldimand-Norfolk, which is ground zero for contraband tobacco. We know that tobacco is one of the most commonly illegally traded goods in the entire world. In Canada, about six billion contraband cigarettes are sold each and every year. We also know Ontario is ground zero and has the worst

contraband problem in the Americas, with cigarette volumes on par with some places like El Salvador.

It's also an epicentre when it comes to illegal manufacturing, roughly 33% of all cigarettes sold across Ontario are unlawful, and the thought is that that amount doubles in our northern regions of Ontario. Legitimate businesses like corner stores are impacted, but the Ontario taxpayer is also severely impacted. We lose about \$750 million each and every year in taxes.

I've worked on the tobacco file for over 24 years in my career, and despite more intelligence on this file, we seem to get worse and worse in this province. I know that there are other provinces across Canada who are very, very disappointed in our lacklustre approach to contraband tobacco.

And we now have a second-generation issue with illicit products far more dangerous than tobacco. On the open Internet, we see things under the guise of other names: crystal meth and cocaine, hidden under names like "angel powder" and "glass," that can all be shipped to your door via Canada Post.

I do know criminals see Ontario as an easy target. I do know that Quebec has a very extraordinary model that we should be adopting here in Ontario. And I know in 2019, this ministry was set to adopt the Quebec model, and days before the 2019 budget went to print, it was pulled. I'm curious as to why that was pulled, but we are in the here and now, and in the 2025 budget, this government committed to investing in the contraband tobacco enforcement team through a partnership between the Ministry of Finance and the OPP. I'm wondering if, Minister, you can tell me how much was invested in that partnership.

Hon. Peter Bethlenfalvy: Thank you for the question. I am going to ask, for that line item, for someone to address that. I don't know who I'm looking at here—

Mr. Jason Fitzsimmons: I'll deal with it.

Hon. Peter Bethlenfalvy: The deputy will. But I would just say, first of all, that we're very focused on everyone obeying the law. That's absolutely critical. You're right: We are working with the feds to strengthen the border and combat smuggling, so that's an issue that we're tackling. And we're modernizing the Tobacco Tax Act to strengthen oversight. We have, as you know, funded police for greater focus and dedicated units for enforcement, and we continue to work on not just tobacco but, as you know, cannabis as well to address the illegal cannabis market.

On your specific question, the deputy offered he would—

Mr. Jason Fitzsimmons: It was a few other things I wanted to point out. We do invest about \$3.8 million annually on the contraband tobacco enforcement team, in partnership with the OPP there, as well as on tackling some of the more upstream crimes. Some other things—

Ms. Bobbi Ann Brady: Can I just interject? I'm wondering, of that \$3.8 million, how many full-time equivalents in the OPP were dedicated to the illicit market.

Mr. Jason Fitzsimmons: I'll have to turn to one of my ADMs, Nadia. Do you have the staffing number?

Ms. Nadia Cornacchia: Yes, I do. Nadia Cornacchia, assistant deputy minister for the tax, benefits and local

finance division. It's about eight or nine OPP officers that were—

The Chair (Hon. Ernie Hardeman): Speaking from the back won't work. I think you need to come closer to your microphone. If somebody's going to address us, they're going to have to come to the microphone.

Ms. Bobbi Ann Brady: Is this eating up my time, Chair?

The Chair (Hon. Ernie Hardeman): You have 36 seconds to go.

Ms. Nadia Cornacchia: My apologies. Eight to 10 OPP resources have been dedicated for the contraband tobacco enforcement team and they have received and achieved pretty significant results over the last two years in seizing significant tobacco.

Ms. Bobbi Ann Brady: Thank you. I would just like one more question. Are these results on this team being reported publicly?

Ms. Nadia Cornacchia: The OPP reports its results generally, not specific results to specific teams, but generally it does report results.

Ms. Bobbi Ann Brady: So the Ontario taxpayer has no idea how its progress is on illegal tobacco—

The Chair (Hon. Ernie Hardeman): Thank you very much. That will conclude that. You'll have to do the rest in the next round.

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

1550

MPP Bill Rosenberg: Thank you, Minister, for your presentation today. I want to talk about the Protecting Ontario Account. In your remarks, you mentioned that the Protecting Ontario Account is supporting businesses facing tariff-related disruptions. Specifically, you said the fund provides liquidity relief to ensure businesses can retain workers, adopt operations and invest in long-term growth. You mentioned how, in the case of Algoma Steel and the joint loan we provided alongside the federal government, this would protect our steel industry from continued economic uncertainty.

Being the MPP from Algoma-Manitoulin, I know that a strong economy is the catalyst as we move forward. These funds not only support companies like Algoma to restructure, but all the small businesses in my supporting communities.

As we continue to navigate these trade disruptions, could you please tell us more about what other applications of the Protecting Ontario Account could look like in supporting other industries impacted by section 232 of the tariffs?

Hon. Peter Bethlenfalvy: Thank you, MPP Rosenberg. Of course, your riding, Algoma-Manitoulin—you know a lot about the impacts of section 232, a 50% tariff on our steel companies in Ontario.

As I said in the fall economic statement remarks, we have to ask the question, do we want to have a steel industry in this country, be it for pipelines, for military vehicles, for shipbuilding, for manufacturing? We have to ask, do we want to have a manufacturing base in this province, including the north? Do we want to have Canadian and Ontario-made steel in our infrastructure, our invest-

ments in building Ontario? I think the answer to all of those is yes.

This is impacting other countries as well who are pivoting to electric arc furnaces. Well, Algoma has got there early, in terms of other jurisdictions. That will allow them to produce steel on a more modulated basis—cleaner, green steel. Instead of a coal blast furnace, it's going to be an electric arc furnace, which is going to use clean energy and electricity ultimately to produce that steel. It will also provide a cost advantage in terms of the margin.

They didn't ask to be targeted with section 232 with a 50% tariff, so I think it's imperative. That's where governments play a role: to step in and help the 2,800 workers up in the north—and not only that; the supply chain around that. I'm confident—with our support, opening up new markets, working with procurement out of the federal government and provincially, and hopefully a good trade deal ultimately signed with the US—that the north and companies like Algoma will continue to prosper.

I will say that, broadly, we're there to help many businesses through the Protecting Ontario Account. We'll have more to say about that in the very near future, about how we're helping those businesses adapt to the new environment. As I said, we rolled out a significant amount of funding to keep the lights on—payroll, utility and so on. Now, we're focused on providing not just liquidity support, but we'll be focused on how to pivot and grow those companies.

I think, with the federal government working collaboratively with the provincial government and, as I said earlier, with the First Nations, like I mentioned, up in the Ring of Fire, and with municipal governments, we will see a new Canadian economic engine unleashed here in Ontario—and make us the most competitive place to do business in the G7.

MPP Bill Rosenberg: Thank you, Minister. I think we're all looking forward to where we're going to go in the future with this restructuring program.

The Acting Chair (Mr. Joseph Racinsky): MPP Triantafilopoulos.

Ms. Effie J. Triantafilopoulos: Minister, I would like to talk with you about affordability. Now, we all know that one of the most important issues facing Ontarians today is the rising cost of living. Whether it is at the grocery store, at the gas pump or when paying your bills, understandably, families in Ontario are feeling the pinch and they are expecting our government to support them.

Can you tell us, Minister, what are some of the most impactful measures that we have taken in recent years and how are we able to afford them?

Hon. Peter Bethlenfalvy: Thank you, MPP Triantafilopoulos. Thank you for that question. Chair, I learned her name on the condition she learned my name. We did that trade.

It's a very important question. There's no question the cost of living has impacted many, and it continues to today. That's why we acted early, to help put more money

back in people's pockets. It's so critical that as government we do that.

We acted early in 2022 to cut the gas tax at a time when the carbon tax was taken out of their wallets federally—from taking money out of their wallets to putting more money back in. We made that permanent in our budget in 2025-26, in May.

We also, of course, as you know, funded a taxpayer rebate because we saw a surge in our revenues. We put \$3 billion back in the pockets of 15 million Ontarians, some \$200 per person for all tax filers in Ontario.

Recently, in the fall economic statement, I announced to help young families with the dream of home ownership an 8% HST cut on top of the 5% with the federal government. On a million-dollar house that's \$130,000. That's a lot of money to a lot of people so that they can have that dream of home ownership become a reality.

Those are some of the examples that we've had. We will continue to do things like that—some \$11.7 billion highlighted in the fall economic statement—some of the things we've talked about. For us in eastern Ontario, or east of Toronto, let's say, the tolls on the 407, the tolls on the 412 and 418—the previous government only put them on in Durham, no other place, nowhere else in the province. We're providing relief, and significant relief.

We talk about the transit that I think is a real big benefit. On three transits—from Durham transit to taking a GO train to taking the TTC—you just pay one fare. That integrated One Fare is for a lot of people who are not driving and benefiting from the gas tax. They're benefiting from public transit.

I think about also helping with good jobs—because there's nothing better than a good job to help with affordability—and the billion dollars that we're putting into Darlington to start the process of building the four small modular reactors. That's creating all those jobs which are putting food on the table.

We won't stop finding ways to put money back in the people's pockets, making life more affordable. As one government was increasing carbon tax and capital gains tax or, here in Ontario—the previous government—increasing the employee health tax, the wine tax or the beer tax, we've been cutting that, putting that back into people's pockets.

Ms. Effie J. Triantafilopoulos: Thank you, Minister.

Hon. Peter Bethlenfalvy: Thank you.

The Chair (Hon. Ernie Hardeman): MPP Kanapathi.

Mr. Logan Kanapathi: Thank you, Chair. How much time is left?

The Chair (Hon. Ernie Hardeman): You have six minutes and 56 seconds.

Mr. Logan Kanapathi: Six minutes?

The Chair (Hon. Ernie Hardeman): Seven minutes.

Mr. Logan Kanapathi: Thank you, Minister. Thank you for your leadership and thank you for your presentation. I know in the last seven years, I've seen your leadership. The Premier helped you bring in the fiscal responsibility and fiscal health into our economy and the province. Without good fiscal responsibility, fiscal manage-

ment, we're not going anywhere. We can't build anything, Minister. Thank you, and thank you, all the deputies and all the staff, for your hard work and everything.

Minister, you came, I think, several weeks ago to Markham to announce that HST exemption. It's a big news story, how we're bringing housing affordability, especially in a city like Markham. In Markham, the housing price is so high, and the next generation's dream is going further and further away, but we are giving hope. That's all we can do. We're giving hope for the first-time homebuyers, next generation and the new Canadians. Things are tough, but we are investing so much money into cities like Markham and York region.

We get so much funding in the last seven years. I met the regional chair the other day. I said, "You have enough money to build the infrastructure, so don't come and ask us why you are not putting the shovels in the ground."

Please explain to the committee: What is the government doing to support municipalities facing rising construction and capital costs driven by the ongoing tariffs?

Hon. Peter Bethlenfalvy: Thank you, MPP Kanapathi, for that very important question. I touched on some of the things that we're doing to help municipalities: the 45% increase in funding in the last five years. No government has done that level of increase in funding.

1600

We continue to work with municipalities—and I'll maybe touch briefly on the "one project, one permit" process, 1PIP, which is basically all about streamlining and making decisions quicker for capital to invest. For example, the first 1PIP project announced in north of Red Lake for Frontier Lithium just couple of weeks ago: cutting out a lot of red tape, getting to yes or no faster, because capital doesn't like uncertainty, and we've got to do that.

The same applies for municipalities. We have a significant amount of, I'll say, barriers to getting shovels in the ground quicker, streamlining processes—not duplicating processes—working with the federal government so that they don't duplicate a process that the municipality already has. Streamlining that is absolutely critical.

We've provided an incentive to municipalities through the Building Faster Fund. If they've got the means to streamline and make faster decisions to get shovels in the ground, we'll reward them with cheques. That's what we did, for example, in Pickering just a few weeks ago, in my town, where they beat their housing target by 174%. They're getting homes built. We gave a significant cheque to Windsor, a significant cheque here in Toronto to help incent municipalities to build faster, to build more, to build collaboratively. So there are many measures, not just fiscally, which we are doing more than any other government.

We're doing more to stimulate demand and to help with affordability through the HST, which you just mentioned, for first-time homebuyers. That's going to bring more people—that's real money, real affordability measures to people.

But we're also helping with infrastructure. I'll go back to one, the HST for purpose-built rental, another one where

we took the lead and pushed Ottawa to do it. That's created a number of housing starts in purpose-built rentals, construction that we haven't seen in a long time.

And as I've said, we put \$1.6 billion in additional money into the Municipal Housing Infrastructure Program, MHIP, to the tune of \$4 billion to build more of the critical infrastructure so that they have the funds, significant funds from the province, to encourage more construction of all types of homes.

So we're doing a number of things for municipalities, in partnership with municipalities. Of course, there's more to do. The federal government's announcement on Tuesday—we'll see. We'll go through those details, but we're all seized with getting more homes built faster.

Mr. Logan Kanapathi: On that point, Minister, many municipalities and associations like AMO are calling for increasing funding, similar to what Toronto and Ottawa have received. You know that. So, what is our government doing to address some municipalities' funding requests? There are ongoing funding requests by the municipalities, small and—

Hon. Peter Bethlenfalvy: Toronto and Ottawa were unique situations. Toronto has subways. They have the Gardiner. They have some things that other cities don't have, and Ottawa is our nation's capital—very unique circumstances—so we stepped in to help them.

To help other communities, as I mentioned, we increased funding of a number of programs, like the Ontario Community Infrastructure Fund, which we doubled from \$1 billion to \$2 billion, \$400 million a year; the Ontario Municipal Partnership Fund that was referenced very early on, which we increased from \$500 million to \$600 million. That's helping communities outside of Toronto and Ottawa and significantly helping with their infrastructure needs, their local needs—

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

Hon. Peter Bethlenfalvy: So there are many measures that we've—listening and working with our municipalities, all 444 across the province. I think by the measure of our engagement with them, we're seeing real results.

Mr. Logan Kanapathi: Thank you. Municipality partnership funding increased by 20% from last year to this year. Is that right? Totalling \$600 million—

Hon. Peter Bethlenfalvy: By 10% for calendar 2025 and another 10% just announced for 2026, which together means a 20% increase in two years.

Mr. Logan Kanapathi: Thank you so much, and thank you for all the great work you do.

The Chair (Hon. Ernie Hardeman): Twenty seconds.

Mr. Logan Kanapathi: Thank you, Minister.

Thank you for having us.

The Chair (Hon. Ernie Hardeman): MPP Smith.

Mr. Dave Smith: I'll take that last 20 seconds.

One of the things that the opposition talked about—I'm going to read really quick, Minister—on the LCBO, they failed to mention that we've seen an increase in wine sales of greater than 40% for VQA—

The Chair (Hon. Ernie Hardeman): Thank you very much.

We'll now go to the New Democrats. MPP Bell.

Hon. Peter Bethlenfalvy: Hopefully, we'll get another alcohol question.

Interjections.

The Chair (Hon. Ernie Hardeman): Order.

Ms. Jessica Bell: Thank you. One of the challenges with an increase in sales is that it does result in an increase in alcohol consumption, which also has an impact in—

Interjection.

Ms. Jessica Bell: Okay, so I'm going to go and focus on—because I get to talk to you whenever I want. I'm going to focus on my questions back to the minister.

I want to talk a little bit about the Protect Ontario fund. I've noticed that the other members have raised this issue, or this fund, and so have you. So with the Protect Ontario fund—it's a \$5-billion fund—a billion dollars has already been released. What percentage of the funding that's already been released is going to Ontario companies and Canadian companies and what percentage is going to foreign companies?

Hon. Peter Bethlenfalvy: I don't have that detail. I would say the vast majority, if not all, are going to Canadian companies, Ontario companies. I'll pass it to the deputy in one second. These are for companies that are based here—they have to be based here in Ontario—that are having challenges getting funding necessary to keep the lights on. They have a viable business, they've made money, but they're being challenged because of the tariff regime, finding new customers.

Ms. Jessica Bell: Okay, so just to clarify. Can you confirm that 100% of the companies that have received funding from the Protect Ontario fund are Ontario or Canadian companies? Can you just confirm that for me?

Hon. Peter Bethlenfalvy: No, I cannot, because we funded Algoma, which is a Canadian company—so yes, I can. For what we funded so far, 100% are Ontario companies.

Ms. Jessica Bell: Can you commit to not funding US companies, or to prioritizing Canadian or Ontario companies first with this fund, moving forward with the remaining \$4 billion?

Hon. Peter Bethlenfalvy: Well, our goal has always been to support Ontario companies and Ontario businesses. I believe that there's a directive out of Treasury Board that there's a certain threshold, if you have certain amount of employees, if you're owned by someone else, that you can still bid on procurement here in Ontario, but you have to meet a certain threshold.

Deputy, can you maybe expand on any details on the Protect Ontario—

Mr. Jason Fitzsimmons: I would just say what we're working with is Ontario-based companies because of the nature of Ontario employment. The objective of the \$1 billion is to make sure that there is liquidity funding to those that are immediately impacted, to avoid or mitigate layoffs and, hopefully, give them positioning so that they have new markets to expand into—

Ms. Jessica Bell: I'm just going to reclaim my time. Just to clarify, there is a difference between an Ontario-owned company and an Ontario-based company.

If it's an Ontario-based company, I believe the cut-off is 250 employees or more in Ontario. They can be a US company, but they can still be classified as an Ontario-based company if they meet that threshold.

So my question is, what percentage of companies are Ontario-owned companies or Canadian-owned companies that are going to get access to the Protect Ontario fund? Is it going to be 100%?

Hon. Peter Bethlenfalvy: It's 100% so far.

Ms. Jessica Bell: Okay, it's 100% so far.

The next thing I want to ask about is the agreements that are being made with these companies when they're receiving financing. Some of the agreements that other provinces and states have made include commitments like, if you get the financing, then there's a commitment that you can't lay off any workers, or if you get the financing, there's a commitment that you cannot increase executive bonuses, or if you get the financing, then there's a commitment that you can't go down south and set up shop or move a facility down to the United States.

Can you commit to making these kinds of commitments when you're signing agreements with these companies to receive Ontario government financing?

Hon. Peter Bethlenfalvy: The Minister of Economic Development, Job Creation and Trade is responsible for administering this program, so I think it would be appropriate to ask for the specifics of the conditions of that account.

What we're doing out of finance is providing the firepower to allow the minister to help mitigate, as the deputy said, job losses, payroll challenges for a viable business, because they're section 232 or tariff-impacted. It's just one of several means that we're doing to achieve that.

The Ontario Together Trade Fund is also helping small and medium-sized businesses. I mentioned \$50 million has been allocated, or almost \$50 million. We tripled it to \$150 million to continue helping businesses.

1610

Ms. Jessica Bell: I'm going to just take back my time. Let's say you're a worker at a company that is receiving funding from the protect Ontario fund. Can you commit to that worker that they are not going to have their job disappear or go down south if their employer is receiving money from the protect Ontario fund?

Hon. Peter Bethlenfalvy: All of these funding vehicles, of which I've just mentioned a couple, are there to protect Ontario jobs, to encourage capital investment here, to allow companies time to adapt to the new economic environment, find new customers. We'll continue to support those businesses and workers, 100%.

Ms. Jessica Bell: Okay. Thank you for those answers.

The next questions I have are around Ontario's procurement restriction policy.

Hon. Peter Bethlenfalvy: What, sorry?

Ms. Jessica Bell: Ontario's procurement restriction policy—this is a policy that the Ontario government introduced earlier this year which put restrictions on the kind of companies that could bid for and get Ontario government contracts to build hospitals or infrastructure, roads etc.

What we have found is that there are a number of loopholes within this Ontario procurement policy. Municipalities are exempt. If it's a US company that has 250 employees here or more, then they can still bid and get contracts from the Ontario government and existing vendors of record who have already got a contract can continue to provide services even if they're a US company. It's created this situation where we have US companies, you know, building the facade of a hospital in Mississauga when there are qualified Ontario or Canadian companies who have put in a bid to do that same work who are being turned aside.

My question to you is, as the minister, can you look into closing these loopholes so that more Ontario companies and Canadian companies can bid and get contracts to build Ontario-funded infrastructure and Ontario-funded services?

Hon. Peter Bethlenfalvy: I'd say a couple of things: First off, in terms of the specific details, the President of the Treasury Board, who I believe is coming, will be able to answer some if you go there again on specifics as to our procurement policies, which are very much focused on Buy Ontario and Buy Canada.

I would say, for example, in our Darlington small modular reactor—we've made the funding conditional on 80% being provided by Canadian companies, Ontario-based companies, to foster the economic supply chain here in Ontario.

I would say, with regard to a third point, the Canadian Free Trade Agreement will foster more activity for companies to be able to trade within Canada, which will help on Buy Canada and Buy Ontario. Ontario is taking the lead on waiving party-specific exemptions.

Finally, with regard to Buy Ontario and Buy Canada, that is absolutely our policy. There are some contracts out there, I'm sure, that have been signed that in the past, but our goal going forward is to give every Canadian and every Ontario company and worker an opportunity to have a fair shot at getting those contracts.

Ms. Jessica Bell: It's interesting that you bring up the nuclear industry issue. There was a recent announcement that the Ontario government was investing \$70 million into Hitachi nuclear energy, even though there were Canadian companies that put in bids to meet the Ontario government specifications; they were turned down. Why did you choose to go with a non-Canadian company when there were qualified Canadian companies making that bid?

Hon. Peter Bethlenfalvy: You'd have to ask the Minister of Energy with regard to the process and the selection process, but clearly that technology is proven technology. A lot of that is being retained here in Canada. It's using Canadian workers—Canadian and Ontario engineers, Canadian skilled trades—very heavy Ontario content.

We've worked closely with that company to make sure that we have a centre of excellence that's being opened globally, based in Ontario—in fact, based in Durham. That process was a number of years ago, but I'd encourage you to ask the minister that question.

Ms. Jessica Bell: Okay. This was a very recent announcement. It was June 23, 2025, well after the trade war with the US began. It's literally on your website.

Hon. Peter Bethlenfalvy: Well, you'll have to go to the minister to get specifics on that.

Ms. Jessica Bell: The reason why I'm asking you these questions is, given that we're in difficult economic times, I think Ontarians expect the Ontario government to do everything it can to put Ontario workers and Ontario and Canadian companies first, not just when it comes to providing jobs here but also to ensuring profits remain here and companies get that contract. I think that's a pretty valid concern. The MPPs opposite also mentioned that they're hearing that at the door.

I want to move to the issue around training. We have heard some of the members opposite; it's been a big issue around the Skills Development Fund. For those who are listening, the Skills Development Fund is a \$2.5-billion fund that the government has used to give contracts to non-profits and companies to provide training to workers. At the same time as this money has been rolled out—some of it to very questionable companies like veterinary clinics, adult entertainment companies, financial advisory firms with ties to former labour ministers—funding to the post-secondary university and college system has been cut.

My question to you is, have you done an assessment to look at whether the Skills Development Fund is providing better training and getting more jobs to people than the post-secondary system?

Hon. Peter Bethlenfalvy: Again, I would put you to those responsible ministers.

I will say this: I fully support any program—and we have a myriad of programs available to retrain and re-skill, starting in grade 11 and 12 with the apprenticeship program. You can leave grade 11 and 12 and get your apprenticeship certification and get your high school degree at the same time. The dual credit system in grades 11 and 12 for education, health care and skilled trades, which count for post secondary; the better jobs program which helps retrain and re-skill people—

Ms. Jessica Bell: I'm going to retake my time because I only have a few minutes left.

When I read the Auditor General's report to the Skills Development Fund, what was very clear to me is that the Ontario government had no real metrics to assess the quality of the training that was being provided by these companies that were getting Skills Development Fund money. And they had no real metrics to determine how many part-time and full-time jobs were being generated as a result of this training, which is pretty concerning because it's a lot of money and youth unemployment is at 22%. There's a lot of young people who are looking for a job right now.

My question to you is, can you as a minister commit to working with your other ministries to ensure that there's a full accounting of the Skills Development Fund program and a real assessment of the quality of the training that was provided and how many jobs were created as a result of the fund?

Mr. Dave Smith: Point of order.

The Chair (Hon. Ernie Hardeman): Point of order. MPP Smith.

Mr. Dave Smith: We're discussing the estimates for the Ministry of Finance for 2025. This is a question for the Ministry of Labour, Immigration, Training and Skills Development. It's out of scope.

The Chair (Hon. Ernie Hardeman): Thank you. I'm sure the member will recognize that we're doing the estimates for 2025-26.

MPP Bell.

Ms. Jessica Bell: Thank you, Chair.

My next question is around youth unemployment. Youth unemployment is now at 22%. It's shockingly high. When I look at the fall economic statement, I don't see specific measures to address youth unemployment. What is this government going to do to get youth unemployment down so that people can look at Ontario and see it as a place where they've got a future here?

Hon. Peter Bethlenfalvy: Definitely, we've done a number of things to help youth over the years. I started to talk about some of the programs, including in 2025-26.

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

Hon. Peter Bethlenfalvy: The \$750 million for 20,500 new science, technology, engineering and math seats at colleges and universities is a critical investment in our youth.

We continue to do the investments in our skills training through, as I started to say, not just waiting until post-secondary but grade 11 and grade 12 through the dual credit system, which allows credits in grades 11 and 12 to count for university, college and programs beyond.

We're going to continue to invest in every sort of job skill necessary and some of the really important jobs and good jobs in technology, in critical minerals, in energy and infrastructure construction. And we've been at it, and we're going to continue to invest in that and we're going to continue to move forward on that—and including the HST, which, I might add, is going to help a number of youth attain home ownership.

1620

The Chair (Hon. Ernie Hardeman): Thank you very much.

Now we'll carry on with MPP Bowman.

Ms. Stephanie Bowman: I'd like to come back to the discussion about debt and deficits. According to your own forecast, Minister—your own estimates—we're going to be at half a trillion dollars of debt in a few years.

You're exceeding your own target around debt-to-revenue. It will be 209%; your target is 200%. And we've got a forecast which, as of today, does not include the multi-billion dollars of borrowed money, money you will be borrowing to finance the energy rebate program.

So a few questions there; one is: Again, how do you expect Ontarians to believe you when you say that you're going to balance the budget by 2028, when you've changed the date for that five or six times? We have a current forecast which does not include one of the most expensive program, in terms of energy rebates.

And we've got a government that is continuing to add bad debt to the books: again, a billion dollars in money—at least a billion dollars—for the alcohol, getting beer in corner stores a year early; \$3 billion in borrowed money to write \$200 cheques to voters before an election; \$9 million dollars for a fantasy tunnel under the 401, when you won't tell us what your own staff have found. What else is here? A \$2-billion Ontario Place project with a foreign-owned spa.

So I guess I just want to come back to the question about when you think it's realistic to balance the books, especially considering that one of your key programs around the energy rebate is going to be going up by billions of dollars over the next few years.

Hon. Peter Bethlenfalvy: It's 2027-28. And I know it hurts to hear this, but when credit rating agencies upgraded the province of Ontario's credit rating, I would have thought you would have applauded us for our fiscal management. I think you would have applauded us for being out every single 90 days, every single quarter since we got elected, to tell the people how we're spending the money. I think the people are applauding our eight clean opinions in a row.

And, by the way, what does all this do? This also reduces our borrowing costs. Our borrowing spreads are the lowest they've been in over a decade. Certainly the 30-year borrowing spread, is the lowest that we've—we're the lowest in the country and our five- and 10-year spreads are the best—

Ms. Stephanie Bowman: Thank you, Chair.

The Chair (Hon. Ernie Hardeman): MPP Bowman.

Ms. Stephanie Bowman: I'd like to reclaim my time. Again, let's talk about interest costs. They're growing on average 5.4% annually through the next three years. How much faster is that than the planned increase in program spending?

Hon. Peter Bethlenfalvy: The member opposite knows that our interest expense to revenue is the lowest since the 1980s. We're not immune from the credit—

Ms. Stephanie Bowman: Sorry, Chair.

Hon. Peter Bethlenfalvy: Well—

Ms. Stephanie Bowman: No, I'm asking a specific question—

The Chair (Hon. Ernie Hardeman): MPP Bowman.

Ms. Stephanie Bowman: Thank you, Chair.

I'm asking a specific question about how fast the interest expense is growing compared to program spending.

Hon. Peter Bethlenfalvy: The interest expense is managed based on a forecast of the interest rate market. We're borrowing at the lowest spreads. We have a real cost advantage—

Ms. Stephanie Bowman: Thank you, Chair. I'll reclaim my time.

The Chair (Hon. Ernie Hardeman): MPP Bowman.

Ms. Stephanie Bowman: Thank you, Chair.

I'll help the minister out here, because I've done the math. Interest costs will be growing, on average, 5.4% every year between now and 2028. Increases to program spending are, basically, 1.5% to 2%. So, Minister, it will be three times. Interest expense will be growing at a rate of three times faster than program spending.

So, yes, certainly, the government benefits from lower interest rates, which are the responsibility of the Bank of Canada. But we are on track to have interest expense be next in line only to health and education when it comes to what we spend in taxpayer dollars. I would like you, again, to just comment on how it's fiscally responsible to dole out \$3 billion in cheques before an election with borrowed money; how it's fiscally responsible to say you're going to balance the budget by 2028 when you've missed that target five or six times; and how it's fiscally responsible to say that interest expense is going to be three times larger—the increases—than program spending, when we've got people suffering an affordability crisis, we've got homes that aren't getting built and we've got 700,000 workers unemployed in this province.

Hon. Peter Bethlenfalvy: I know the member opposite thinks I can control global interest rates, but I can't. I live in the environment that we're in.

I know it hurts for the member opposite to hear that we have the lowest interest expense-to-revenue since the 1980s. And for anyone who went through the 1990s, that should be applauded, knowing the costs of interest expense.

Other jurisdictions—the federal government is now spending more on interest expense than health—

Ms. Stephanie Bowman: Thank you, Chair, I'd like to reclaim my time.

The Chair (Hon. Ernie Hardeman): MPP Bowman.

Ms. Stephanie Bowman: Again, the minister and I need to go have an off-the-record chat about this. You know, of course, interest rates are lower than they were in the 1990s when they were around 18%. And yet you're exceeding your own target, Minister. Let's come back to that. You set a target—

Hon. Peter Bethlenfalvy: Relative to revenue.

Ms. Stephanie Bowman: No, no. The target is 200%; you're going to be at 208%, 209%. The other—

Hon. Peter Bethlenfalvy: The interest expense revenue is 7.5%.

The Chair (Hon. Ernie Hardeman): Order. Through the Chair.

Ms. Stephanie Bowman: Sure. Thank you, Chair. The other thing I'd just like to point out is that in 2028, Ontario's debt burden will be—according to your own target—about 38.6%. That's close to where it was in 2018 when you took over, Minister; when your government took over—39.3%.

So it's an improvement, I'll grant you that, especially given that interest rates are significantly lower than they were several decades ago. But I would like to come back

to the question about how it's fiscally responsible to spend a billion dollars to get beer and wine into corner stores a year early; how it's fiscally responsible to give \$3 billion in cheques—\$200 cheques—to voters before an early election, when you're borrowing money to do that, Minister. You've got deficits, and you're not planning to balance the budget for a few more years, if you're lucky. So how is it fiscally responsible to borrow money to do those things?

Hon. Peter Bethlenfalvy: We had a \$1.1-billion deficit in 2024-25. We have a global economic slowdown. We improved our deficit in the fall economic statement last week.

Most of our debt borrowing is for infrastructure to build things: to build hospitals, to build schools, to build highways, to build subways, to build long-term care, to build broadband—something that the previous government did not do.

Anybody who knows their numbers knows that the debt that we're incurring is for future generations, to make sure that we invest today for the things tomorrow, all the while exceeding our fiscal targets substantively. And now you tell me a country and a sovereign around the world that is doing that—

Ms. Stephanie Bowman: Thank you Chair, I'd like to reclaim my time.

The Chair (Hon. Ernie Hardeman): MPP Bowman.

Ms. Stephanie Bowman: Certainly, the government got lucky, I'll say, with the \$1.1-billion deficit. I'll remind the minister that he benefited last year from a \$3.4-billion settlement for tobacco from tobacco companies. The deficit would have been about \$4.5 billion if he had not had that extra bump. I don't think he can take credit for that. I don't think he's suggesting that we should take credit for that.

And so again, I'm just going to close on this topic that we've got debt that continues to rise. According to my estimates, about 40% of the debt is funding your deficits, Minister, which includes things like \$3 billion on cheques pre-election, a billion dollars to get beer in corner stores a year early, and at least \$700 million in Skills Development Fund money that went to medium-, poor- and low-scoring applicants.

But let's come back to transparency. You come out every quarter. You just issued this document, the fall economic statement, and it did not reflect the increase in the energy rebate.

Just a simple question, again, one of those short-answer questions: What is the increased cost to taxpayers for the 29% increase in electricity rates, and the resulting rebate that you're planning to give?

Hon. Peter Bethlenfalvy: I'll let the deputy get into specifics. Of course, we close the books September 30, so that will be forthcoming in budget 2026.

I'm very glad that you said "improvement on the numbers." So there you have it; it's on the record. She said, "improvement." So thank you for the previous question.

Ms. Stephanie Bowman: Sorry, no, no—

The Chair (Hon. Ernie Hardeman): MPP Bowman.

Ms. Stephanie Bowman: I'll just say, I'm not sure why I would say it improved, but the deficit did benefit from a significant tobacco settlement, which was certainly out of your control, as are interest rates, as you've said, out of your control.

So, sure, I'll ask the deputy: How much should taxpayers expect to spend—to increase—for the energy rebate program in fiscal 2025-26?

1630

Mr. Jason Fitzsimmons: Thanks for the question because there seems to have been a fair amount of confusion around this. I'm referring to the expense that was listed in the FES for the energy expenses, which was about \$6.4 billion, and there are a number of components to that on various programs.

Interjection.

Mr. Jason Fitzsimmons: I'm going to answer your question spot on.

The amount that has been allocated for the Ontario energy rebate program is \$2.1 billion, and that tracks in line with what it has generally been over the last few years—

Ms. Stephanie Bowman: Thank you. Just to clarify, my understanding is that the energy rebate has been costing about \$5 billion a year, and I'm asking what's the increased amount because of the increase in energy costs?

Mr. Jason Fitzsimmons: I'm sorry, if you can indulge me for two seconds. The larger number that you're referring to is not just the Ontario energy rebate. The Ontario energy rebate is \$2 billion of that \$6.4 billion. There are other programs such as the Comprehensive Electricity Plan, the Northern Ontario Energy Credit, the rural and remote rate protection plan and the Ontario energy support programs, so that means about eight programs that make up that larger number.

Ms. Stephanie Bowman: Thank you. Chair, I'd like to reclaim my time.

The Chair (Hon. Ernie Hardeman): MPP Bowman.

Ms. Stephanie Bowman: Maybe I'll ask the question a different way. What increase should taxpayers expect from the expanded rebate program this coming year?

Mr. Jason Fitzsimmons: It's about in line with what it has been in prior years. It has fluctuated up and down. It fluctuates with consumption, but that number of \$2 billion is in line with what has been previously published in budgets and in the fall economic statement.

Ms. Stephanie Bowman: So despite a 29% increase in electricity rates from the OEB and an expanded rebate program announced by the government, there will be no additional costs to taxpayers in 2025-26?

Mr. Jason Fitzsimmons: The Ontario energy rebate is a function of when the price goes up, what percentage—and again, the prices fluctuate from year to year and it does get quite complicated.

Ms. Stephanie Bowman: Okay, you know what, Chair? I'm going to leave this question. I would like to get a detailed written answer to the question around what the current consumer energy rebate costs as well as the—I

think there's an industrial program as well—and what the changes in the program will cost in fiscal year 2025-26.

Mr. Jason Fitzsimmons: So—

Ms. Stephanie Bowman: I need to move on to another topic, Chair.

Hon. Peter Bethlenfalvy: Chair, I would like to say, those numbers will be in the budget—

Ms. Stephanie Bowman: No, excuse me, Chair—

The Chair (Hon. Ernie Hardeman): Order. The MPP has the floor.

Ms. Stephanie Bowman: I would like to come back to the alcohol modernization program. The government is certainly talking a lot about alcohol and certainly I think competition is a good thing. We know that competition can be good for consumers, so that's not really the question here. My question is really about the LCBO retail stores and whether or not there will be closures to those stores as this modernization happens. Because, again, from what we understand, alcohol sales are falling, consumption is falling. Do you plan to maintain the same network of LCBO stores in the future?

Hon. Peter Bethlenfalvy: First off, I'm glad the member opposite acknowledges—

Ms. Stephanie Bowman: Yes or no? Chair, I just need—

The Chair (Hon. Ernie Hardeman): The member asked a question and maybe we should give an answer.

Ms. Stephanie Bowman: Because we have a very short time, Chair: Do you expect to keep the same number of stores beyond 2027? That's my question—LCBO retail stores.

Hon. Peter Bethlenfalvy: If I may, I'm glad the member said that competition is a good thing, and I would just add that convenience of choice is a good thing for consumers.

Of course, there are collective bargaining agreements. I'm not going to go into details about collective bargaining agreements—

Ms. Stephanie Bowman: Okay. Thank you, Chair. I would like to get a written answer to the question about the impact of the modernization program on LCBO retail stores going forward.

Hon. Peter Bethlenfalvy: I don't think that's reasonable.

Interjection.

Hon. Peter Bethlenfalvy: Do you want to answer?

Ms. Stephanie Bowman: I have time.

The Chair (Hon. Ernie Hardeman): The question has been asked. The time is up for this question, so there's no more answer.

Hon. Peter Bethlenfalvy: Nice to see you.

Ms. Bobbi Ann Brady: I can let him answer.

The Chair (Hon. Ernie Hardeman): We move on to the independent, MPP Brady. You can continue the same conversation if you so desire.

Ms. Bobbi Ann Brady: Okay. Thank you, Chair.

I just want to go back to the tobacco file: eight to nine full-time equivalents here in Ontario and \$3.8 million being spent. I just want to do a little bit of a comparison.

Quebec, that model that I was talking about earlier that we were to adopt in 2019 that got pulled from the budget: They have about 60 full-time equivalents, and they are spending about \$15 million on their illicit tobacco. I will remind you that we are the epicentre of illegal tobacco in Canada. Their incident rate in Quebec sits around 12%, where here in Ontario we are sitting at about 50%.

I know that Ontario is receiving somewhere in the amount of \$7.1 billion in the tobacco lawsuit settlement. I'll just make a comment that I do hope to see something a little more positive on this file in the spring budget. I just wanted to finish that off.

There's been a lot of talk this afternoon about keeping seniors in their homes and investing in home care. That sounds great, but first of all, a tree cannot stand if its roots are rotten. In the home care sector, unless we're earmarking or allocating those funds to those folks in the community doing comparable work as what they're doing in institutions, we can throw all the money at that situation and it's not going to fix it.

But with respect to long-term care, according to your own numbers, you are falling short on bed count expansion in this province—6,700 beds built, 18,000 in the pipeline. That's a far cry from what we're going to need by 2028. That sits around \$58,000. I see nearly \$2 billion in the fall economic statement, but as I look at the allocation of these funds, I don't see them addressing the problems currently associated with getting long-term care built that's in the pipeline.

In my riding, I have Edgewater Gardens in the town of Dunnville, and they have paused their 64-bed expansion. It was announced in March 2021. They cite inflation and a lack of attention from this government to help them deal with the increased costs between 2021 and now.

I'm wondering, Minister, if any of the \$2.1 billion announced in the fall economic statement will go to getting shovels in the ground for those projects already in the pipeline.

Hon. Peter Bethlenfalvy: Thank you for that question about long-term care. Of course, the Minister of Long-Term Care can go into a lot more detail.

I will say this: that we have put through a number of initiatives to get more beds built faster, not least of which is the construction financing subsidy, which is having a positive impact on getting more both private sector and non-private—in the public space—beds built.

Secondly, we increased the funding for the Building Ontario Fund, which has advanced four projects which will get another thousand beds built on top of the ones announced, which means more beds built faster using another innovative vehicle.

Thirdly, it's—

Ms. Bobbi Ann Brady: Chair?

The monies that you're referring to, Minister, are those new beds, or are those the beds in the pipeline that have not been built?

Hon. Peter Bethlenfalvy: First of all, they're going to the 24,000-plus beds that we've announced are complet-

ed—in construction or announced. I can tell you that right across Ontario, that construction is happening.

Ms. Bobbi Ann Brady: Switching gears: I believe one of the best ways to tariff-proof Ontario is to invest in expanding our ag food production and processing, like meat processing, for example.

1640

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

Ms. Bobbi Ann Brady: I know there were investments in 2021 and 2024, but I don't see any in 2025.

Are we investing in meat processing so that we're no longer sending, say, pork and beef across the border and then paying to have it shipped back to us here in Ontario?

Hon. Peter Bethlenfalvy: Well, that's something we've been engaged with stakeholders for some time on, finding ways to lean into more processing. Our minister is very focused on that file, and I direct you to him to have more conversations on that.

Ms. Bobbi Ann Brady: Okay. Going back to long-term care—we just have a few seconds here. What would I say to my long-term-care home in Dunnville that has not been able to get a shovel in the ground since 2021?

Hon. Peter Bethlenfalvy: I'd continue to advocate, because we are very focused on getting not just more modern beds built right across the province, including your community, but also making sure that we have the human resources necessary to staff—

The Chair (Hon. Ernie Hardeman): Thank you very much. That concludes the time.

MPP Saunderson.

Mr. Brian Saunderson: Minister, we've had lots of discussion this afternoon about debt and the significant historic investments that we're making in infrastructure. I can tell you that, in my riding of Simcoe-Grey, with seven municipalities, from the more typical type of infrastructure, we have five new schools and two expansions coming. We have two hospitals that are in capital, and Stevenson Memorial in Alliston is going through expansion. They're doing the pre-works now, with the construction set to start in the first quarter of next year. So we've certainly seen, since 2022, a huge bump in recognition of the municipalities in my riding.

On top of that, when we also talk about the HEWSF funding, my riding received over \$150 million of the first tranche, the first \$1.6 billion. As you said in your comments, we're expanding that to go up to \$4 billion in the coming year, as well as the historic investments in the Building Ontario Fund.

We also have the Bradford Bypass, which is going to be a major, major change; a transformative change for my riding for getting goods from the 400 east down to the 404, which will make a big difference. I know, knocking on the doors, that was a huge, huge issue for my constituents, particularly those in the south end of the riding.

I'm just wondering if you can talk about and elaborate on—I know you've talked at length about it—just how these historic capital investments are driving our economy and our long-term growth and prosperity, particularly in the wake of what's going on south of the border. As you

mentioned in your comments, Honda is in Alliston, which is in the south end of my riding—very big announcement which is now being paused. We hope that's temporary.

These investments that we're doing to create or put into the ground the infrastructure necessary so that our communities can grow, both in a planned and sustainable way from a residential perspective, from a business perspective, but also from a jobs perspective—I'm wondering if you can just talk about how you expect these infrastructure investments to support job creation, economic competitiveness and our overall financial sustainability moving forward, please.

Hon. Peter Bethlenfalvy: Well, thank you, MPP Saunderson. It's great to see those investments in your community bear fruit. I can also relate to that; the first school in Pickering built in over a decade, they opened that in October; the first long-term care bed facility in more than a decade opening in north Pickering. Getting things done for the people of our communities is absolutely critical.

By the way, it was admitted that the majority of our funding, our debt accumulation, is for infrastructure. And that infrastructure—that school, that hospital, that road, that long-term-care facility—will be around for 50-plus years.

And we borrow. Our borrowings are about one-third in 30-year bonds. We were doing that right through, ever since the great financial crisis and beyond, through COVID etc., making sure that we are financing our infrastructure funding in the most prudent way. That will be there much longer than we will be there for other generations to take benefit.

I also happen to believe those are productive assets. That's how you boost economic productivity. You have good schools so you can educate your youth. You have good health care so that you can take care of people. You have transit and highways where you can move those people and those goods. These add up to productivity measures that will really help economic prosperity.

The biggest mistake you can make is to stop building, which the previous government did. If you look at what they got built, it's a fraction of what we're getting built right now. Plus, people are coming to Ontario. They like Ontario—1.7 million in population growth in the last seven years. They've got to live somewhere. They've got to have a hospital, a road, a school. So this is why we're not only compensating for the lack of infrastructure spending and building over a decade, but also to continue to be able to welcome people to our great province and add to the prosperity and the great values of this province.

I feel that leaning into infrastructure is not only good from a social point of view and economic point of view, but it's good for jobs. These are good-paying jobs. These are not going away. The skills necessary to build something in Ontario are some of the most important skills that we have, and that's why I'm optimistic about the future that we've been creating—the conditions for job growth, almost a million.

I know it hurts to hear “60,000 new jobs created in the last two months” for the opposition, but these are jobs that will continue to add to our economic prosperity and put our youth and others to work.

Mr. Brian Saunderson: Thank you, Minister.

The Chair (Hon. Ernie Hardeman): MPP Smith.

Mr. Dave Smith: Thanks, Chair. I appreciate that. I’m going to expand on some of the things that you had just instructed to our committee, that the question part of it is the member’s time.

I’m going to use a little bit of that member’s time before I ask you this question, Minister, because I’m absolutely floored that the member from University–Rosedale would suggest that the member from Oshawa should stop advocating on behalf of General Motors—an American-owned company that employs thousands in Oshawa—by saying that we shouldn’t be doing something for companies like GM in Oshawa, like Volkswagen, which is building just outside of the London area. I’m floored by that. That’s not where I’m going to go with my questions; I just wanted to get the comment out, that I can’t believe she would argue that her colleague should stop advocating on behalf of her community. That’s just a wrong approach.

I do want to talk a little bit about the alcohol side, though, and I want to talk a bit about Ontario’s revenues, because we’ve actually seen an increase in tax revenue of about a billion dollars that comes from retail sales tax, which means people had money to go out and spend. But bigger than that was the increase in personal income tax, which means more people are working at higher-paying jobs, because there’s more income tax—which, again, we had an opposition member talking about that, that nobody is working according to her, and yet those numbers are different.

I want to bring this to alcohol, because one of the things that gets lost is we have admitted that there is a reduction in total alcohol sales. However, in VQA wines, Ontario 100% grape wine, we’ve seen a greater-than-40% increase in sales. That means there are more people working in wineries. There are more people working with the grape growers and all of the supply chain around that.

We have a reduction in total alcohol sales, but the 355-plus craft brewers have seen an increase. Every single craft brewer that I’ve spoken to, and I have been meeting with probably 200 of the 355—they have all said the same thing, that they have been able to add a couple more staff members. That’s 500 to 1,000 more jobs in the craft brewing industry as a result of the increase in Ontario product that’s being sold.

I have heard from the craft distillers that there has been a significant increase in their sales as well, which means they have been hiring more people, and the supply chain is greater.

So in your opinion, based on what we see for the estimates for 2025-26, is the modernization making a difference for the Ontario producers—not necessarily for foreign producers, but is it making a difference for Ontario producers, and how is that benefiting the people of Ontario?

1650

Hon. Peter Bethlenfalvy: Thank you for that question. Let me get this straight: What you’re saying is that you can cut taxes; that businesses in Ontario, who want to compete with their product, who just want the opportunity to compete on a level playing field, can see their sales volume go up; that you can build infrastructure in Ontario; that you can support the workers, because as volumes go up and revenues go up, like they have on convenience stores—a 33% revenue increase on long weekends, saying it’s a game changer—that you can drive to a path to balance and get the best fiscal metrics, notwithstanding playing with numbers, the best fiscal metrics in decades, where independent credit rating agencies upgrade you while you’re doing all this and you grow your economy to \$1.2 trillion while building that critical infrastructure. Are you saying that that can be done?

Mr. Dave Smith: I think the numbers are playing out to say that.

Hon. Peter Bethlenfalvy: Well, Chair, I have to agree on the 2025-26 estimates that MPP Smith from Peterborough—

Mr. Dave Smith: God’s country.

Hon. Peter Bethlenfalvy: —yes—is accurate in his assessment of the 2025-26 budget, FES and estimates. I do believe strongly that that’s what people in Ontario want us to do. And that’s what they see—to actually not talk about it.

The previous government put in the wine tax. They increased the beer tax. They increased the alcohol taxes. They put more markups and fees into the LCBO. They hurt businesses. They hurt Ontario producers. They hurt consumers. They didn’t modernize into convenience stores, into grocery stores to the same extent we have, at 6,000 points of sale.

This is what we campaigned on, and we’re actually delivering and executing against what we said we would do.

Mr. Dave Smith: Thank you, Minister. I appreciate it.

The Chair (Hon. Ernie Hardeman): MPP Racinsky.

Mr. Joseph Racinsky: I want to follow up on the discussion with MPP Saunderson’s question about infrastructure but specifically looking at the impact of gridlock on our economy. We’ve got a number of important infrastructure projects being put forward in my riding: the 413 in Halton Hills, the Morriston bypass—I believe the hydro lines are scheduled to be moved in the spring for that important project.

I just wondered if the minister could speak to the need for infrastructure projects, highway projects like these to reduce gridlock in the province of Ontario and how that helps our economy.

Hon. Peter Bethlenfalvy: Thank you, MPP Racinsky, for representing the riding as you do.

I fundamentally believe that when you campaign on building, for example, the Bradford Bypass and the 413—as we did in 2022 and again in 2025, winning every seat in the whole region; 100%, not 90%, 100% of every seat—that it’s important to follow through and get shovels in the

ground and build the things that you campaigned on. It does help if you've got a federal government that doesn't get in your way and have an impact assessment that slows you down in building the 413. It took us a couple of years to get the Liberal government to get on board to build these things.

This is what the people of Ontario want. They want us to continue building Ontario. They want us to get these things done, to see the shovels in the ground. Because you don't build a highway in six months; it takes time. And the more you delay, the more you put road blocks in, the more you say, "We shouldn't do something like that," as we hear from the opposition, the more the people of Ontario get hurt.

That's why it's so important on all the projects that you mentioned that I believe fundamentally we have to lean into. This is why having a strong balance sheet, an AA rating, an upgrade, the lowest interest cost to revenue since the 1980s—it doesn't matter how many times the opposition says otherwise, that's a fact. That allows us to be able to do the things that the people in your community, in your riding, and in every community across Ontario want us to get done.

Mr. Joseph Racinsky: You mentioned earlier this afternoon the 123 acute care beds that are going to be built in shelled space in Halton Healthcare. That was fantastic news for my region. I just wondered if you could highlight some of the other investments in health care that we've seen in the fall economic statement.

Hon. Peter Bethlenfalvy: I'll maybe just focus on one: home care. We're transforming our health care system so that those who want to age at home with their loved ones and familiar surroundings can; that we can transform our system to have the care move from a different location, let's say a hospital, to a home. That's why we increased funding for the home care file, to allow for an increase in volumes so that more people can be taken care of at home.

That's what the people of Ontario want us to do.

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

Hon. Peter Bethlenfalvy: They want us to continue to invest in health care, to think outside the box. The investments in primary care, the investments in acute care, the investments in long-term care, the investments in home care: I think that the record investments that we're making will not only help people's lives improve, but will also help us be more economically prosperous. Ontario is leading the way.

The Chair (Hon. Ernie Hardeman): Thank you very much. There are 30 seconds left.

Mr. Brian Saunderson: There are 30 seconds? Well, I'm going to have to ask a very short question, Minister. I'm wondering if you can just speak to the green bonds you mentioned in your comments and just talk about how that augments our growth imperative and also does it in an environmentally sensitive way.

Hon. Peter Bethlenfalvy: There are \$22.5 billion in green bonds issued since they were conceived to fund green, clean projects across Ontario. If you added up every single province and the federal government, we issue more

green bonds. We are leading the country on our green economy, having clean energy and—

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

We now have five minutes and 45 seconds left, and we go to the New Democrats. MPP Bell.

Ms. Jessica Bell: A picture has been painted over the last three hours about the economy. We have a situation where over 700,000 people are unemployed. It's the highest in a generation. It is very high.

We have a situation where revenue from taxes is scheduled to go down. We are looking at the Financial Accountability Officer's assessment, and it looks like there will be health care cuts to service levels and there will be cuts to service levels in education as well.

It seems, quite honestly, like a lot of magical thinking to think that we can balance the budget by 2027-28, reduce revenue and provide all the services that this government says they are going to provide. It honestly just seems like magical thinking.

I've got some specific questions for you. The first one is around service levels for health care: Can you commit to maintain existing service levels for health care in the next two years?

Hon. Peter Bethlenfalvy: Are you speaking specifically to the 2025-26 health care investments that we're talking about?

Ms. Jessica Bell: And 2027-28, moving forward. Can you commit to maintaining existing health care service levels?

Hon. Peter Bethlenfalvy: You're asking me to commit, as the Minister of Finance, to service levels? I can tell you what I can commit to: We are going to continue investing in our health care system.

I just highlighted all the things that we're doing to make sure that people have a family doctor; that people can age at home; that people can have an acute care bed, as was just mentioned for Halton and for Oakville; that we continue to invest in all forms of care, so that people can have the type of care.

Every metric that we're looking at is improving in Ontario. The wait times are improving; the attachments to family doctors are improving. So we will commit to doing what it takes to improve the health and well-being of every Ontarian.

Ms. Jessica Bell: What I can see looking at the budget is that if revenue is going to go down, the government is committing to balance the budget, and the Financial Accountability Officer is telling us that not enough money is going into health care and education to maintain existing service levels, then something has to give, because it doesn't add up. It's pretty clear it doesn't add up.

I don't have many minutes left, so I'm just going to summarize some of the questions that I asked today. I asked questions about the Protect Ontario fund and how we're supporting businesses. I asked questions about the government's changes to alcohol policy. I asked questions about how much funding is going to municipalities. I

asked questions about MPAC and about the Building Ontario Fund. We all asked a lot of questions about the debt.

Unfortunately, we didn't get a lot of clear answers today, which is frustrating, because while you as a minister might walk out of here and feel relief that there was no gotcha moment, Ontarians want to know. The Ontario government spends billions of dollars every year, and they want to make sure that the money that every ministry spends is spent wisely, and that we're getting value for money, and that the services that we all rely upon from homelessness funding to affordable housing, to health care, to education, are going to be funded at the levels that people expect so we can have a good quality of life.

1700

Answering questions about how you're spending your money is especially important given what's been happening over the last two years with this government, where we've had the greenbelt scandal, a real pay-to-play scheme. Then we've also got this issue with the Skills Development Fund, where it's pretty clear that someone is talking to someone and they're getting their application moved up and funding in return for some kind of donation to a riding association. There's a smell of corruption around that funding.

I asked a bunch of very practical questions today around the health of the economy and these services, and I didn't get a lot of practical and useful answers. After this, I will be submitting specific requests to provide detailed answers to staff. My hope is that these answers can be forthcoming to future committees.

Thank you for your time.

The Chair (Hon. Ernie Hardeman): Minister.

Hon. Peter Bethlenfalvy: Well, the FAO has been wrong numerous times, so they're projections, and that's what we—but I'm out every 90 days.

The member opposite will have noticed that our revenues were up in the fall economic statement that we tabled a few days ago. Our revenues continue to grow, so that's encouraging. The member will acknowledge that our health sector funding is up \$30 billion, some 50% in the last seven years. You can say this every year for seven years, or every six months, every seven years, but it doesn't make it any different that we are investing record amounts in our health care system.

Our education system, when we took over, was \$29 billion. It's now \$41 billion, a \$12-billion increase, some 40% over seven years—again, record investments.

The Chair (Hon. Ernie Hardeman): Thank you very much. That concludes the time for the presentations this afternoon, and, also, it concludes the time for this hearing.

First of all, I want to thank the minister and the deputy and all the supporting cast for being here today and so ably answering questions. We very much appreciate that. Now, that concludes the committee's consideration of the 2025-26 estimates of the Ministry of Finance. Standing order 69 requires that the Chair put, without further amendment or debate, every question necessary to dispose of the estimates. Are the members ready to vote?

Shall vote 1201, ministry administration program, carry? All those in favour? All those opposed? The motion is carried.

Shall vote 1202, regulatory policy agency relations program, carry? All those in favour? All those opposed? The motion is carried.

Shall vote 1203, economic fiscal and financial policy program, carry? All those in favour? All those opposed? The motion is carried.

Shall vote 1209, tax benefits and local finance program, carry? All those in favour? All those opposed? The motion is carried.

Shall vote 1215, Building Ontario Fund program, carry? All those in favour? All those opposed? The motion is carried.

Shall vote 1216, alcohol policy and marketplace modernization program, carry? All those in favour? All those opposed? The motion is carried.

Shall the 2025-26 estimates of the Ministry of Finance carry? All those in favour? All those opposed? The motion is carried.

Shall the Chair report the 2025-26 estimates of the Ministry of Finance to the House? All those in favour? All those opposed? The motion is carried.

That concludes the consideration of this ministry's estimates. I'd like to thank the minister again and everyone here today for their participation.

Are there any other items of business which the members wish to raise? MPP Smith.

Mr. Dave Smith: I move the committee enter closed session for the purpose of organizing committee business.

The Chair (Hon. Ernie Hardeman): We have a motion to go in closed session. All those in favour? Opposed? We're going in closed session.

We will take a few minutes. Again, thank you to everybody who participated.

The committee recessed at 1705 and later continued in closed session.

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Chair / Président

Hon. Ernie Hardeman (Oxford PC)

First Vice-Chair / Première Vice-Présidente

Ms. Doly Begum (Scarborough Southwest / Scarborough-Sud-Ouest ND)

Second Vice-Chair / Deuxième Vice-Président

Mr. Rob Cerjanec (Ajax L)

Ms. Doly Begum (Scarborough Southwest / Scarborough-Sud-Ouest ND)

Ms. Bobbi Ann Brady (Haldimand–Norfolk IND)

Mr. Rob Cerjanec (Ajax L)

Hon. Ernie Hardeman (Oxford PC)

Mr. Logan Kanapathi (Markham–Thornhill PC)

Mr. Joseph Racinsky (Wellington–Halton Hills PC)

MPP Bill Rosenberg (Algoma–Manitoulin PC)

Mr. Brian Saunderson (Simcoe–Grey PC)

Ms. Sandy Shaw (Hamilton West–Ancaster–Dundas / Hamilton-Ouest–Ancaster–Dundas ND)

Mr. Dave Smith (Peterborough–Kawartha PC)

Ms. Effie J. Triantafilopoulos (Oakville North–Burlington / Oakville-Nord–Burlington PC)

Substitutions / Membres remplaçants

Ms. Jessica Bell (University–Rosedale ND)

Ms. Stephanie Bowman (Don Valley West / Don Valley-Ouest L)

MPP Paul Vickers (Bruce–Grey–Owen Sound PC)

Clerk / Greffière

Ms. Lesley Flores

Staff / Personnel

Mr. James Beange, research officer,
Research Services