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| Ontario | 32e | 4e | Discours sur le budget | 15 mai 1984 | Larry Grossman | Treasurer and Minister of Economics | Progressive Conservative Party of Ontario |

Mr. Speaker, before commencing these remarks, I believe it would be only appropriate to honour a very important tradition at this time, and that is to acknowledge the significant contributions to the strong economic environment we inherit today made by those who preceded the current Treasurer in these difficult responsibilities.

We have with us, of course happily on the Treasury benches, my immediate predecessor, who did so much over the past five years to create a circumstance where Ontario has very strong and growing economic circumstances, the strongest in Canada.

I should also like to recognize for honourable members two former Treasurers who are, as usual, in the gallery with us on this occasion. They are Mr. John White and Mr. James Allan. They did so much in other times to create the kind of stable and secure environment we have all come to know, honour and appreciate that I think it is appropriate they join us on this occasion.

If members will bear with me, I should like also to acknowledge what to me is a very important presence today, and that is the presence of a former Minister of Revenue, my immediate predecessor in the great riding of St. Andrew-St.Patrick.

Hon. Mr. Grossman: Of whatever significance it is, I should say to the member for Brant-Oxford-Norfolk that Mr. Goodman is occupying the seat that had originally been allocated to Senator Kelly, who could not be here today. It may not be the only seat of Mr. Kelly's that he aspires to, but I cannot speak in detail about that.

In any case, to complete the illustrious row up there, I should like to acknowledge what to me is a very important presence. First, of course, is Kathleen Davis, the wife of the Premier. At the risk of tiring my colleagues, whose applause I will need later on in the afternoon, I should like to acknowledge the presence of my wife and the heart of the Forest Hill atom all-star hockey team, which won the Metropolitan Toronto Clancy Tournament this year, and my three children, Melissa, Jamie and Robbie.

Before submitting to this Legislature the budget initiatives I am proposing, I want to outline briefly the basic choices I have made and how I have approached this assignment.

To encourage constructive discussion across the province, I presented last autumn a prebudget statement that assessed our economic outlook and outlined the basic choices facing Ontario. The discussions arising from that document have been valuable, and I am grateful for the advice that has been tendered. It speaks well of the open consultative process that will remain a hallmark of budget presentation in our province.

In designing the specific measures in this budget, I have been guided by what I have heard and by what I believe to be a broad consensus on our economic circumstances and on the aspirations of our people. The Ontario economy has recovered from recession and will grow broadly in 1984. Rising exports and expanding domestic activity should provide a 4.7 per cent increase in real economic growth and an 8.9 per cent increase in personal income.

However, if we are to prosper in a changing world economy, sustained expansion demands not only steady resolve in the fight against inflation, but a shared commitment to economic transformation. We cannot return to business as usual. We are in the midst of a profound economic change, and adjusting to this transformation-indeed, assisting it-is a social and economic imperative.

This year employment is expected to increase by 125,000 jobs in Ontario. This reinforces our confidence in our economy, but it must not disguise the fact that unemployment, particularly among our young people, is too high and will require energetic and innovative action by government.

This budget will focus on our ability to invent, to create, to be entrepreneurial. In this sense, our people, and especially our entrepreneurs, are clearly our greatest economic asset.

Our public institutions and our communities themselves have a powerful contribution to make in meeting new economic challenges and equipping our people to enjoy rewarding lives. Local governments, universities and colleges, labour and our active volunteer organizations must all be full partners in the economic and social transformation of the province. This budget will encourage that partnership.

The government has a clear mandate to invest vigorously in supporting and shaping change in Ontario. But in doing so, we must live within our means. Deficits must come down. For the year just ended, I am pleased to report we have been able to reduce the projected deficit of $2,695,000,000 to $2,350,000,000. However, this budget must go further. By maintaining our commitment to productivity and efficiency, we will be able to make major new investments in our economic transformation.

This budget rejects stopgap measures; rather, it makes strategic investments in the long-term interests of our people. Consistent with these principles, the Board of Industrial Leadership and Development will guide the implementation of the economic strategy in this budget. This year BILD will be provided with a $500-million economic transformation fund to equip our citizens and our industries to meet the demands of a changing economy.

Bearing in mind the need to be creative and the advice we have received, this budget will significantly expand and reform our support for youth employment; improve job access for women; assist older workers in acquiring new skills; strengthen the role and resources of our learning institutions; quicken the modernization of our industries; stimulate innovation and small business; enhance our resource industries; help break the cycle of welfare dependency; offer more independence to the elderly and the disabled; extend our commitment to productivity and restraint, and reduce the deficit.

During this time of economic transformation, the products of inventive and energetic minds will shape our horizons and determine our competitive success.

Industry, in particular, has an obligation to increase its efforts to train our people. Individual businesses must generate more opportunities not only by participating in government programs, but by sponsoring initiatives of their own.

Accordingly, private sector employers who benefit from government employment subsidy programs will be expected to provide meaningful experience and training.

Today I am announcing the establishment of two major funds through which this government will invest $600 million over the next three years in youth training and employment and in retraining for experienced workers.

We will create a $150-million Ontario skills fund to build on the experience of older workers by investing in retraining and upgrading.

We will also create a $450-million Ontario youth opportunities fund to provide major new opportunities for young people to acquire the training and expertise they need to prepare for the future. We have rejected temporary make-work schemes because they do not prepare our young people adequately for the future. Only a strong and growing economy will ensure a job for every young woman and man.

These initiatives, together with our existing programs and activities, are strategic, long-term investments in our young people. They will complement the activities of the federal government and our educational system and will mobilize the efforts of the voluntary sector, municipalities and businesses. Together we will provide an opportunity for every young person in this province.

Last year our colleges and universities provided opportunities for training and higher learning to more than 330,000 people in Ontario.

In addition, we have in place a range of programs that address specific employment problems of young people. These programs will now be co-ordinated and consolidated through Ontario youth opportunities. Young people and employers will gain access to this program through a province-wide telephone network.

Ontario youth opportunities will place new emphasis on training and experience for the hard-to-employ-those young women and young men who suffer frequent and extended periods of unemployment-and young workers who have lost their jobs during a time of economic change.

I now wish to announce a 10-point strategy to increase youth training and youth employment in Ontario.

1. We will create a non-profit corporation called Ontario Youth Trust, which will increase training and job experience for hard-to-employ young people. It will offer basic work skills and provide placements in local firms. The government will expect business leaders from all regions of the province to serve as active members of the board of directors. Local firms will be asked by the board to provide funding, training positions and jobs. They will also be asked to contribute staff to co-ordinate the program and provide counselling and job search skills. These counsellors will work closely with participants during their early weeks of employment to help improve their job performance and build their self-confidence.

2. Under a new program, Ontario youth corps, we will put our young people to work in important community services such as home care for the elderly and assistance to the handicapped and disabled. This will give them experience, work and a sense of self-worth. We will provide wage subsidies and seed money to support initiatives developed by service organizations and by municipalities.

3. A new residential centres program will be created. It will offer basic and intensive education, vocational training and counselling for disadvantaged youth, aged 15 to 19, who lack literacy and other basic skills needed to get a job. These centres will be operated by voluntary groups, businesses, school boards and municipalities. Trainees will receive room and board and a weekly allowance.

4. Through our community colleges, we will create a new Ontario youth start program, combining instruction and basic work skills, on-the-job training and counselling for young people who left school early and lack experience, motivation and self-confidence. This program will operate away from the traditional educational environment and will use surplus space in public buildings, commercial facilities and, where appropriate, vacant schools.

5. A new program, Ontario youth tourism, will combine intensive training at a community college with on-the-job experience. Employers in designated tourist areas will be asked to create 2,500 positions and provide young workers with a training allowance of $100 per week.

6. We are committing $80 million to a new Ontario youth work opportunities subsidy program. The object of this program will be to support those job opportunities that offer real training or important job experience. A variable rate of subsidy will be introduced so we can target support to young people whose employment problems are most severe. The highest rate will be offered to young people who have less than a high school education and who have been without work for at least three months.

7. To encourage young people to start new businesses and become entrepreneurs, a new year-round venture capital incentive will be established for out-of-school youth. It will provide interest-free loans of up to $5,000.

8. We will increase from 33 to 100 the number of youth employment counselling centres in Ontario and make this a permanent program. They will play an important role in directing young people to programs that best meet their needs and will be a major link between young people and opportunities for training and jobs. The new centres will be focused on smaller communities.

9. For many young people the difference between staying in school and dropping out is the extra income they earn through a part-time job. To keep these young people in school we will have for the first time a part-time employment program. A $1.25 per hour wage subsidy will be paid to employers who provide part-time jobs for students identified by our counselling centres to be in serious financial need.

10. We will expand the Ontario career action program and strengthen its value by focusing on training to develop more marketable skills. This year the government will increase this program's allocation from $19 million to $24 million. It will provide a combination of training and employment for more than 16,000 young people.

To oversee the co-ordination and design of provincial youth training and employment programs, we are appointing a youth commissioner reporting to the chairman of the Board of Industrial Leadership and Development. The youth commissioner will be responsible for strengthening training and practical experience in all youth programs and for placing a new emphasis on the needs of those young people whose employment problems are most severe. The commissioner will have a mandate to work aggressively with individual firms and volunteer groups to involve them in developing or participating in new training and job programs.

Many of the new initiatives I am announcing today have never been attempted in this country . They break new ground. They will provide an opportunity for every young person to prepare for a life of useful work and independence.

We must also provide opportunities for our experienced workers to retrain and to upgrade their skills. The federal government already sponsors on-the-job training in industry and skill training in Ontario's community colleges. The province has a network of colleges and universities teaching skills and developing the techniques and know ledge necessary to adapt successfully to a changing economy . We also have a wide range of direct training initiatives.

With the new Ontario skills fund we will strengthen our commitment to retraining and skills upgrading. We will invest $150 million over the next three years to help experienced workers adapt to economic transition and to provide skills and technical upgrading opportunities for women who want to enter or return to the labour force.

First, we will create for the first time in Canada an incentive to establish training trust funds, which will encourage workers and firms to undertake continuous training efforts. Employers and employees will make equal hourly contributions to the trust fund. In the first year the province will match the hourly contribution of employees up to a maximum of $100,000 for each firm. These funds will provide retraining and job security. They will also encourage more businesses to establish training programs and develop co-operative arrangements among business, labour and government.

Second, we will provide $40 million this year for special training initiatives targeted to help women, older workers and others adversely affected by technological change. These programs will help them to complete high school education, take technical courses, upgrade skills, train in new technology and participate in on-the-job training. In particular, we are tripling our funding for the technical upgrading program from $4 million to $12 million. This will provide new opportunities for women who want to improve their qualifications so they can enter the work force or benefit from more advanced technical training.

Third, we will create a new incentive to help older workers who have been laid off. Employers who hire and train laid-off workers over age 45 will receive a $2,000 incentive when the employee has been on the job for one year. Older workers who have lost their jobs as a consequence of economic change face a distinct and serious set of problems. This measure will provide special support to help them acquire marketable skills.

Fourth, the government will provide financial assistance to unemployed help centres run by trade unions. During our prebudget consultations, the Ontario Federation of Labour emphasized that these centres provide important counselling, advice and support for laid-off workers. Therefore, we have decided to provide funding to keep these centres open this year.

The initiatives I have outlined today represent a major and strategic investment in the future of our province and in the quality of life of our people. To summarize, we will provide new opportunities for experience and training by:

Co-ordinating all programs through Ontario youth opportunities;

Mobilizing business involvement in youth training and counselling through Ontario Youth Trust;

Providing valuable experience in jobs in the community through Ontario youth corps;

Creating a new residential centres program to train disadvantaged youth;

Giving training and basic work skills to hard-to-employ youth with Ontario youth start;

Providing training and experience for young people through Ontario youth tourism;

Targeting higher wage subsidies to youth who most need jobs through Ontario youth work opportunities;

Offering interest-free loans for out-of-school youth to start new businesses;

Expanding to 100 the number of youth employment counselling centres;

Creating an incentive for part-time jobs for students in financial need;

Expanding the Ontario career action program and promoting training in higher-skill jobs; Appointing a youth commissioner; Establishing a training trust fund program; Expanding all our special training initiatives; Introducing a new incentive for employers who hire and train older laid-off workers;

Supporting unemployed help centres run by trade unions.

Many of these innovative initiatives are new to Canada. They are an important step towards building co-operation among all sectors of the economy. They present a package we are proud to place before members today.

As we adapt to a very different economic structure, high value will be placed on the entrepreneurial skills of our citizens and their ability to innovate and adopt new technologies.

As pointed out in our policy paper Economic Transformation: Technological Innovation and Diffusion in Ontario, universities can be the basis for growth of innovative firms; they generate scientific leadership and attract many of the best minds in Canada. We must improve the transfer of excellence in the laboratory to success in the marketplace. Consequently, I am announcing today a new initiative to improve the research capacity of our universities and to strengthen their partnership with the private sector.

We hope to generate $90 million in new resources over the next three years to help our universities and Ryerson acquire state of the art equipment and to stimulate research activity most relevant to the innovative demands of our economy. Over this period, the province will commit $30 million to a new university research incentive fund. We are confident that our universities will attract $2 of investment from the private sector to match every dollar drawn from this fund. This program will be structured to meet the unique circumstances of each institution.

Through this and other initiatives, the government will spend more than $42 million on research activities, buildings and equipment purchases for universities this year.

For many firms, immediate opportunities for increased competitiveness are provided not by new inventions, but by the rapid adoption of up-to-date processes. To improve access to advanced technologies, the government's six technology centres have created a new partnership among business, trade unions and government.

Lack of adequate financing, however, can prove a serious stumbling block to putting knowledge to work within our firms. We will reinforce our technology centres program to help ensure that funds are available to assist in modernization and retooling. The Ontario development corporations will work with the centres to assist small and medium-sized companies acquire the high-technology equipment they need. In addition, the Minister of Industry and Trade (Mr. F. S. Miller) will be introducing a new program to assist firms in renting robots and other high-technology equipment.

The adoption of new technologies requires not only awareness and dollars but also advanced management and technical skills. We will create a technology diffusion training program.

Through this program, Ontario's technology centres will provide educational grants to managers, engineers and technicians who are key to the technology adoption decisions of small and medium-sized firms.

The ability of our people to participate fully in the economy of the future will depend on access to and familiarity with new technologies.

I believe no child should be denied the opportunity and the right to become familiar with computers and other information technologies. The foundation of today's democracy was put in place by those who had the vision to teach the poor, as well as the rich, to read and write. If equality of opportunity is to remain the hallmark of Ontario, all our children must have fair and adequate access to the computer.

Through initiatives already under way in our schools, children in Ontario will receive a basic grounding in computer literacy.

To build on these foundations, I wish to announce what I believe to be an important new program. Through the Ministry of Citizenship and Culture, our government will provide $4 million to place 4,000 computers in communities across the province. They will be offered through service organizations, libraries and other community institutions, which will provide children with instruction and opportunities to become familiar with computers.

Perhaps nowhere is the impact of industrial transformation more evident than in the automotive sector. To capitalize fully on emerging opportunities, our winning Canadian automotive parts firms must adapt to stay competitive.

To help meet this challenge, we will provide, through the Board of Industrial Leadership and Development, $30 million as our contribution to a new three-year automotive parts investment fund. Working with the industry, we will identify opportunities in such areas as product development, plant modernization and improved management and training practices. As a partner, the government will expect commitments and contributions from firms and workers to ensure long-term competitiveness.

Our ability to respond successfully will depend, in large part, on the vigour and strength of entrepreneurs and small businesses. The job creation record of young firms is evidence of their will and ability to adjust and to innovate. We must use our resources to support these firms which create most of the new jobs in our economy. This focus was confirmed in my prebudget discussions with small business people and their representatives.

All members will be aware of the extraordinary measure taken by my predecessor, the member for Muskoka (Mr. F. S. Miller), to help small businesses weather the recession. By exempting small firms from provincial corporate income tax for a three-year period, we have made a major contribution to preserving and creating employment. This has also ensured that our small firms emerged from the recession on a solid financial footing.

I have decided to continue the exemption from Ontario corporations income tax for start-ups and young firms. The exemption will apply to companies during their first three years of incorporation. It will mean an estimated $45 million annual benefit to new businesses in future years, providing significant support for young firms and reinforcing our commitment to entrepreneurship.

I have decided to maintain our commitment to the very successful small business development corporations program by providing a $25-million allocation for 1984-85. Consistent with the need to target and focus our efforts, changes will be made to increase the benefits available to new enterprises and provide pools of capital for small business in selected regions of the province.

The SBDC program will be organized into three separate funds. An amount of $12. 5 million will be available to investors in small business throughout Ontario. In addition, a special fund of $7.5 million will be dedicated exclusively to investments in the north and east. Another special $5-million fund will be available specifically for investments in start-ups.

Further, to ensure wider and more effective distribution of equity capital, additional technical changes will be made which will, for example, limit the maximum size of SBDC investments in anyone small business to $2.5 million.

Encouraging further investment in small business might be achieved most effectively through changes to the personal income tax system. Accordingly, I will be asking the federal government to join with us in looking at the following new approaches: permitting full deductibility of capital losses on shares in business start-ups; allowing self-administered registered retirement savings plans to invest in start-ups or other small businesses; and developing a special class of limited partnership, permitting the flow-through of tax deductions to investors. These could be costly, but they may be cost-effective. Over the next few months, I intend to review carefully these and other ideas to support entrepreneurship and small business start-ups in our economy.

There will be a high premium on creative entrepreneurial activity during this time of profound economic transformation. While our small business tax and financing initiatives will help create a new generation of entrepreneurs, this budget goes further. We will encourage business enterprise as a career choice for women and men in our learning institutions and in the community at large. Accordingly, I am establishing a $10-million enterprise growth fund to invest in three new entrepreneur development initiatives.

First, we will establish innovation centres in selected universities and colleges to link the marketplace and the academic community . These centres should produce hundreds of new enterprises by providing a wide variety of business and technical support to innovators who want to commercialize their ideas, products and processes.

Furthermore, these centres will provide a welcome point of entry for local businesses to draw on the expertise of our learning institutions in developing their own potential products and processes.

Second, we will provide special funding to set up enterprise centres in communities across Ontario. These centres will provide new entrepreneurs with low-cost start-up space and common support services such as bookkeeping and computer facilities. Assistance will be provided on a cost-shared basis to a municipality, in conjunction with a private developer, to rent, renovate and operate appropriate facilities.

Finally, many viable new businesses have been established by employees who go out on their own, initially as suppliers to the parent firm. We will encourage that activity by assisting with the costs of evaluating the potential for spinning off certain in-house activities to other local firms or to new businesses to be operated by current employees of large firms. This is a challenge to large businesses, not only to increase their own productivity and reduce their overhead but also to participate in the creation of new enterprise.

I turn now to special initiatives to strengthen key economic sectors and help our communities address the challenges of economic change.

My prebudget meetings across the province convinced me that the effects of social and economic transformation on each community are different and that each community must respond in a different way. Accordingly, we have designed a flexible program to aid community development in Ontario.

The province will enter into formal community economic transformation agreements with communities facing extreme structural change and where economic problems have been most severe and persistent. Under these agreements, the unique needs and potential of these communities will be assessed against the array of economic and community development programs now available. Enhanced assistance will then be tailored to individual circumstances. As part of this program, the province will cost-share with municipalities vital economic projects which will generate employment. We will commit $20 million to these agreements this year.

The government will also establish a new $10-million, three-year economic development program for northern Ontario. This new program will provide industrial infrastructure and, together with our new small business development corporation fund, will help diversify and strengthen the economy of the north. The Minister of Northern Affairs will be announcing details shortly.

Our investment in the agricultural sector will be increased substantially this year as we assist the farming community in transition. We have increased the budget of the Ministry of Agriculture and Food by 16.3 per cent this year. This growth reflects additional funds for new initiatives and enrichments of priority programs. The

Ontario farm tax reduction program will be enriched by $18 million to $90 million and the beginning farmers program will provide a further $9 million this year. Action is also being taken by the Minister of Agriculture and Food on our $62-million, five-year commitment to the new Ontario red meat plan and progress is being made in negotiating a national tripartite stabilization program.

The agricultural community has consistently indicated that its fundamental concern is the cost of credit. Accordingly, I am announcing today that we are prepared to set up a national agribond program with the federal government.

In recent years Ontario and other governments have independently introduced programs to help farmers cope with the high cost of credit. My colleague the Minister of Agriculture and Food is taking the lead to consolidate the various programs under a Canada-wide agribond program. Our proposal is cost-effective and, with federal government participation, will lead to a substantial cut in borrowing costs for farmers. This is a high priority for us and we are determined to see established an appropriate national arrangement.

I am pleased to announce that the federal Minister of Finance and I have reached agreement on the funding of a new program to strengthen the management and renewal of our forests. Under this new agreement, $150 million will be provided by the two levels of government on an equal basis over the next five years to preserve our forestry industry.

We expect to undertake new minerals programs this year. A cost-shared federal-provincial mineral development agreement, for which we are allocating funding, should provide $30 million in support of geoscientific surveys, specific research and development projects. The Minister of Natural Resources will be working on these and other mining industry initiatives. In addition, we will be releasing a paper on taxation in the mining industry for discussion with the industry and the public. I am confident this process will help us to evaluate approaches to mining taxation most appropriate for the decade ahead.

Earlier I described our new youth tourism training program. As well as providing experience for young people, it will benefit many tourist firms that might not otherwise hire additional trained staff.

Further, to address a concern of Ontario's tourist industry, I am announcing today a temporary addition to the retail sales tax refund program for visitors to Ontario. Under the accommodation tax rebate program, the five percent retail sales tax on accommodation will be rebated to out-of-province visitors effective midnight tonight until December 31, 1984.

Finally, to ensure the long-term strength of this vital industry, I am providing funding for a five-year, $60-million joint tourism development agreement with the federal government. When concluded, this agreement will assist new projects, enhance visitor services and help upgrade planning and marketing activities.

The challenge today is not only economic. Major changes are taking place in the social fabric of Ontario and these changes must be reflected in our actions. We want independence, good health and dignity for our seniors. We will help the disabled contribute fully to their communities and lead active, independent lives. We want to give the disadvantaged a greater sense of purpose and self worth. We will deal compassionately with the problem of family violence. We will help those who rely on social assistance to assert their independence. We will increase access to day care for children from low-income families.

Through a range of new initiatives we will help those on social assistance who want to overcome welfare dependency to gain experience, employment and training and to participate more fully in our economy. These initiatives were raised at the federal-provincial meeting of finance ministers last December and are being developed in co-operation with the federal government under the shared-cost Canada assistance plan. They will require up to $120 million over three years.

Currently there are 50,000 young people on direct social assistance. Many lack the experience, motivation and self-confidence they need to find a job or acquire new skills. This year we will provide new opportunities to help these young people participate in the economy. Specifically, we will enable them to go back to high school or take special upgrading classes without losing social assistance; provide counselling in job search skills and basic work habits; and offer placements in business, industry and the community so they can build self-confidence and gain some work experience.

Other initiatives will focus on young people aged 12 to 18 whose parents are on social assistance. To help them prepare for an independent, productive future, we will provide summer counselling and employment-related experience. We will also provide funding for special support services for children most in need through children's aid societies and children's mental health centres.

Further, we are developing new programs to meet the specific needs of Ontario's 60,000 single parents on social assistance, most of whom are women. Many single parents lack access to affordable day care. At the same time, there is little incentive for them to participate in training programs or look for work when new wages are offset by greatly reduced social assistance benefits.

To meet the special needs of these single parents, we will provide increased support services such as day care to enable them to go out and participate in the labour market and we will place individuals in social service agencies where they can gain job experience while providing valuable services for the elderly and other groups in the community. New initiatives will also be developed to help disabled people who want to make the transition from social assistance to gainful employment.

We hope that up to 11,000 people will choose to take advantage of new opportunities to gain important skills and experience and thereby increase their long-term employment opportunities and possibilities. Our programs will ensure a more productive use of welfare funding. I urge employers, municipalities and social service agencies to join us in the delivery of these programs. Constructive discussions with the federal government are proceeding and the Minister of Community and Social Services will soon be working with municipalities on the implementation of these important new initiatives.

Access to high-quality, affordable child care is an essential requirement for many who want to participate fully in our economy, particularly for those with lower incomes. Because child care is an important part of today's economy and society, I am allocating a further $4.8 million this year to provide 1,500 more full-time subsidized child care spaces. In addition, we will provide $1.2 million in day care subsidies through our expanded program to assist single parents on social assistance.

We want our elderly and disabled to lead active lives in their own communities away from institutions. Many elderly and disabled people want to live with their families. However, in some cases providing shelter requires extensive home renovations, which result in increased property taxes. We must encourage, not penalize, families for their efforts to provide shelter and supportive care.

Accordingly, I am announcing today that home owners who undertake renovations or additions specifically to keep an elderly or disabled person at home and in the community will be exempt from any increase in taxable assessment that would otherwise occur. Home owners who are elderly or disabled themselves would also qualify.

We will continue to provide the highest standards of service for those who need institutional care. At the same time, we will look for new and more effective alternatives so our elderly and disabled can remain active in their own communities, close to family and friends. This assessment exemption is one such initiative.

We will also expand our program of attendant care to support independence for people with serious physical disabilities. Over the next five years, the number of people benefiting from this program will be almost doubled. In addition, a new outreach attendant care program will enable 240 severely handicapped people to remain in or return to their own homes. The total cost of these two attendant care initiatives will be in the order of $30 million over five years.

Finally, additional funding will be provided to enable the Ministry of Transportation and Communications to help municipalities purchase special buses for the physically handicapped.

Last month I released a policy paper detailing Ontario's proposals for reform of Canada's retirement income system. As we have already indicated, Ontario will raise payments of the guaranteed annual income system for the single elderly in conjunction with increases in the federal guaranteed income supplement. By the end of 1984, our single elderly will be guaranteed a basic annual income of more than $8,000, or 60 per cent of that provided to couples. These Gains increases will benefit 124,000 elderly persons in Ontario, most of whom are women. We are providing an additional $27 million for these improvements.

We now support more than 118,000 rent geared-to-income housing units in Ontario. Because housing for the least fortunate is a priority of this government, I wish to announce today that we will increase our funding to enable 3,200 more families and disabled individuals to benefit from rent-geared-to-income housing. We will spend an additional $30 million over five years.

Last fall my colleague the Deputy Premier announced new initiatives to address the urgent problem of family violence. At that time, $4 million was allocated to improve funding for transition houses and northern family resource centres and a further $1 million was provided for capital purposes.

Today I am announcing important enrichments to these initiatives. We will commit an additional $3.5 million to expand shelter services for battered women and their children and to provide emergency assistance and support. Further funding will be made available through the Ontario women's directorate for a public education campaign to increase awareness of this really intolerable problem and inform victims about the help that is available.

The major initiatives I have outlined today represent a sensitive and compassionate response to the special needs of the less fortunate in our society. They reflect the commitment of this government to enable all our people to lead active, productive and independent lives. In 1975 this government introduced a policy of fiscal restraint. At that time, we had about 11 public servants for every 1,000 residents. After nine years of restraint, we are able to provide more and better services with only nine public servants for every 1,000 residents. Further efficiencies should be achieved this year.

These efficiencies have been accompanied by appropriate compensation policies. As a transition from mandatory wage controls in the public sector, last fall we established zero to five per cent as an appropriate range for average increases in total compensation. Our fiscal policy was set to reinforce this program by limiting the payroll component of transfer payments and allocations for civil service pay. Arbitrators are required to consider the employer's ability to pay in the light of existing provincial fiscal policy. I am encouraged that most public sector employers and employees have chosen to act responsibly in following this program.

In order to keep deficits and taxes down, governments must, above all, control their own costs. Therefore, I have decided to hold our direct operating expenditures for most activities to last year's level, rather than permit them to rise with inflation. This is a difficult step, but with the continued dedication and commitment of my cabinet colleagues and their ministries, I am confident this will be achieved.

Our local governments must restrain their staffing and direct operating expenses as well. I expect them to do so this year and certainly to incorporate such restraint in their 1985 plans.

In determining our transfer payments to municipalities and school boards in 1984, we have been generous in making allowances for five per cent inflation for goods and services and a similar increase for salary costs. Therefore, local governments should be able to live with modest spending and mill rate increases provided they take as firm a stance as this government.

Unlike the province, local governments do not have to finance pressures in the health care system. Furthermore, our school boards are experiencing declining enrolments, and I expect that, on average, school mill rates can be held to increases of less than five per cent. Yet early indications are that some spending increases in the local sector this year will exceed what we consider to be appropriate.

I will be discussing with my colleagues ways in which we can more closely monitor the spending performance of our school boards and municipalities. It should not be necessary to control mill rates formally, and I am convinced that major savings to our taxpayers can be realized without any deterioration in the high level of local services. We are determined to see this happen.

On a surprising number of occasions during my prebudget meetings, concern was raised about the visibility of school board, as well as municipal, taxes. Municipalities are now required to inform their taxpayers on annual tax bills of both school and municipal tax burdens. But there is a need to ensure that this information is provided in a very clear fashion so there is a visible link between services that are provided and the cost of those services. The Minister of Municipal Affairs and Housing will be discussing this further with municipalities.

I also expect our own crown corporations and public agencies to follow the province's example of restraint. In some of these organizations where base salaries are relatively high, I expect salary growth rates in the future to be held below the five per cent maximum guideline introduced this year. Further, just as the province is holding its overhead expenses, I believe public agencies and corporations should demonstrate similar resolve.

We are witnessing a healthy public debate on crown corporations in Canada. We believe Ontario can benefit from an examination of its crown sector. To this end, the Ministry of Treasury and Economics is initiating a special government review that will examine the mandates of our crown corporations, including instances where privatization might better serve the public.

In the light of moderating needs for government buildings, I believe significant savings for new spending priorities can be achieved through the sale or lease of government land holdings in urban and commercial areas. Where these lands can be sold, they will be.

All of these measures will assist us in delivering quality services to our citizens and in keeping taxes or fees to a minimum, a subject to which I now turn. In providing new measures to support economic and social transformation, I have weighed three basic factors: our ability to restrain costs, our responsibility to reduce the deficit and the taxpayer's capacity to pay more. I have attempted to strike a balance which I believe should serve the immediate and future needs of this province.

First, flat-lining our direct operating expenditures for most government activities and selling off property holdings no longer essential to our needs will secure $75 million in necessary savings to help finance our new initiatives.

Second, fiscal responsibility demands that we move to reduce our deficit further as the economy expands. We will meet this responsibility in a prudent fashion.

Third, while economic expansion is under way, major tax increases would undermine activity and confidence. The targeted approach to spending we have adopted enables us to achieve our economic and social objectives without any major tax increases.

In addition to no tax increases, I have decided that the personal income tax surcharge of five per cent will expire on December 31, 1984, as scheduled.

This year the increase in Ontario health insurance plan premiums will be limited to 4.9 per cent, in line with our continued commitment to the provincial restraint program. This monthly increase of $1.40 for single persons and $2.80 for family coverage will yield $69 million in additional revenue.

While this is necessary and appropriate, it must be acknowledged that it is very modest when compared to more than $800 million that was added to our health care bill last year. We must recognize that major costs are involved in protecting the excellence of our health care system. OHIP premiums have a legitimate role to play in financing these costs. While we expect the growth in health care costs to moderate this year. the proportion of costs covered by OHIP premiums will decline. Premiums paid for 24.3 per cent of the health bill five years ago, covered only 19.5 per cent last year and will carry even less this year. I believe there should be a clear and continuing link between premiums and the cost of health care.

We have reviewed the charges levied for the right to use publicly owned water resources in the production of electrical power. Ontario Hydro is the principal user of these rights. With the exception of annual adjustments related to the rate of inflation, these water rental charges have not been increased for Ontario Hydro since 1958. Consequently, effective June I, Ontario Hydro's water rental rates will be adjusted to reflect more accurately the value of this resource. In 1984-85, this increase in water rental rates will produce an additional $44 million in revenue.

In provinces which have their corporate income taxes collected by the federal government, banks are required to claim the same reserves for provincial income tax purposes as claimed at the federal level. In Ontario, banks have utilized the current provisions in our statute to claim an amount greater than that claimed for purposes of federal tax. This has minimized taxes paid to Ontario. I propose to harmonize our treatment with that of the majority of the provinces by requiring that the reserve amounts claimed by banks for Ontario tax purposes not exceed those claimed for federal tax purposes. This change, effective for fiscal years ending after May 15, 1984, will increase revenues in the order of $5 million this year.

I am also concerned that the current formula for allocating the world income and capital of banks does not provide Ontario and other provinces with their fair share of tax revenues. I will therefore propose that a complete review of the allocation rules applicable for determining the tax base for banks be undertaken by the provinces and the federal government.

Further details on these three measures are included in appendix A.

Our overriding concern and responsibility is the wellbeing of our citizens and the health of the provincial economy. The 1984-85 fiscal plan will honour these objectives and maintain our record of solid financial management.

I am pleased to report to this Legislature a reduction of $345 million in the level of our net cash requirements for the year just ended. This reduction, from the 1983 budget projection of $2,695,000,000 to an expected $2,350,000,000, reverses the experience of recent years when the deficit had to rise to help alleviate the impact of the recession on our economy and our people.

In my autumn prebudget statement I stressed that the deficit level must be reduced. Progress has been made and we will go further. For the 1984-85 fiscal year, I am projecting that provincial net cash requirements will be reduced to $2,039,000,000. Revenues, strengthened by our strong economic performance, are now anticipated to grow by 9.6 per cent while expenditures, tempered by our commitment to restraint, will be held to 7.4 per cent.

The downward trend in Ontario's net cash requirements is especially evident when measured against total provincial spending. In 1984-85, the deficit is expected to represent 7.6 per cent of total government spending, compared to 10.8 per cent only two years ago.

Our cash requirements can be financed from internal sources without recourse to the public capital markets. Consequently, Ontario's only capital market activity this year will be to refinance existing Treasury bill borrowing.

I want to emphasize that we are achieving this significant improvement in our net cash requirements while we are increasing our already substantial capital investments. Our borrowing is directed towards new investments of lasting value to the province. In 1984-85, the government will invest almost $2.4 billion in upgrading and strengthening our social and economic infrastructure. No borrowing will be required to meet our operating costs.

Before concluding this important statement, I should like acknowledge the excellent and hard work and the dedication shown by the staff of the Ministry of Treasury and Economics under the effective leadership of my deputy minister, Tom Campbell, and the assistant deputy minister for the office of budget, Mr. Bryan Davies. In addition, the leadership, guidance and patience shown by my own personal staff, headed by Michael Landry and Caroline Shirreff, was of great assistance to myself and the staff of the Ministry of Treasury and Economics in putting together this comprehensive and effective document.

As I said in my autumn statement, the 1984 budget should be both an economic and social document. I believe we have achieved that goal. This budget creates new opportunities for young people and older workers. It improves job access for women. It helps the disadvantaged and the elderly to live independently in their communities. It strengthens the role of our learning institutions. It helps our small businesses to grow and our large firms to innovate. It encourages enterprise and entrepreneurship. It faces up to the reality of change and deals with it.

We are reaffirming our commitment to restraint. We are avoiding significant tax increases. We will reduce the deficit. Our ability to develop these wide-ranging new initiatives is due in large part to the assistance, co-operation and support of my colleagues, all of whom I wish to thank today. By building on our strong economic circumstances and enriching our network of compassionate social services, this budget honours the goals, the values and the tradition of leadership of our Premier.

We have rejected temporary, short-term measures. Instead, this budget makes strategic long-term investments in our people and our future. It is right for our time. It is right for our people. I am confident it will make an important contribution to continued prosperity as we assist and shape Ontario's social and economic transformation.