|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| ***Province*** | ***Législature*** | ***Session*** | ***Type de discours*** | ***Date du discours*** | ***Locuteur*** | ***Fonction du locuteur*** | ***Parti politique*** |
| Ontario | 33e | 2e | Discours sur le budget | 13 mai 1986 | Robert Nixon | Treasurer and Minister of Economics | Ontario Liberal Party |

While the pages are completing the distribution, I thought I might say a word to the House about the assistance I received in preparing the budget.

I want to acknowledge Deputy Minister Brock Smith and Assistant Deputy Minister Peter Sadlier-Brown, the budget chief, who are well known to people in this House, for their assistance to me in the budget consultation process and during the period when the budget was being put together.

I also want to express my appreciation to my own staff, particularly Barbara Sullivan and Brock Armstrong, for their assistance, kindness and friendship during these weeks of consultation and hard work.

I also appreciated the submissions from the many organizations and individuals who came to my office for consultations about the budget and who have spoken to me in many parts of the province.

I want to assure all members of the House that this beautiful podium that has been provided for seat 6 this afternoon was not my idea, but it is an excellent addition to the traditions of the House. Maybe it will be available to any member when he or she wants to make a presentation that has to be supported by what one would call copious notes.

With that, I am pleased to present my second budget to the Legislature. It represents a continuation of the themes I presented to the House last October. It is a statement of the current economic outlook, a commitment to action and an expression of our philosophy on public finance.

Let me open on a positive note by reporting that the outlook for Ontario's economy has improved significantly since my last budget. Part of this improvement is due to various external factors, such as an exchange rate that favours Ontario exports, falling interest rates and lower oil prices. Part of it is due to a growing recognition of Ontario's fundamental strengths, which make it an attractive place in which to invest.

We are close to North America's major markets. We have a highly educated, highly skilled and highly motivated work force. We have access to the latest technologies and the knowhow to adopt those technologies to create local opportunities. We have competitive wage rates and labour legislation that guarantees fair compensation and fair treatment in the work place. Recent major investments by the automotive and other industries are a measure of these strengths.

Unfortunately, I must also report the obvious: Not all regions, industries and groups of people are sharing in the general prosperity. Many Ontario farmers are experiencing the worst conditions since the 1930s; low commodity prices have dramatically reduced farm incomes. The Ontario mining industry is struggling to survive a severe and prolonged downturn in metal prices. Some parts of northern and eastern Ontario, and some single-industry communities, are enduring severe economic hardships. In many parts of the province we are seeing continuing high levels of unemployment.

This budget responds to the individuals, regions and industries that need immediate help. But it offers something more: a series of concrete incentives to innovation and entrepreneurship -- the forces that are propelling Ontario into tomorrow's advanced industrial economy.

Underlying this approach is our conviction that the surest route to continuing prosperity is a combination of good business and businesslike government. The private sector's job is to create a competitive economy. The role of government is to help Ontario business get on with that job and to manage the province's own affairs in an efficient and cost-effective manner. This will be reflected in a move towards pay-as-you-go fiscal management, aimed at balancing operating expenditures with current revenues.

In addition, I will be announcing important changes to the way Ontario manages its capital spending. A central feature of the new management system will be a capital account from which each ministry's capital requirements will be met. Because the money will be allocated according to multi-year spending plans, each ministry will be able to manage with a degree of certainty never before possible.

We believe our new approach will be a fairer, more effective way of managing government expenditures. It is false economy to try to balance budgets by ignoring society's real needs. The restraint programs of the past decade have not reduced the real deficit, because some deficits do not show up on government balance sheets. Instead, they show up in the form of waiting lists for hospital beds, rows of portable classrooms, neglected universities and bumpy roads. We will face these problems directly while retaining our framework of fiscal responsibility.

Our social programs are an integral part of the wealth creation process. They are not add-ons that can be trimmed or scrapped according to the prevailing economic fashion. We need a healthy economy to pay for social programs; but social programs, in turn, help to build a healthy economy, by helping people adapt to the dislocations that economic progress sometimes creates.

This is a budget that combines social concern with common sense. Under the leadership of the Premier (Mr. Peterson), the government's goal is to sustain the upsurge in investment, job creation and economic growth that now characterizes the Ontario economy and to build a more reliable and sensitive spectrum of social programs.

Ontario's economy is expected to grow in real terms this year by 4.2 per cent. Inflation is forecast at 3.8 per cent -- a long way below the double-digit rates of the early part of this decade. We expect to see 175,000 new jobs created in Ontario this year, and the unemployment rate is expected to average 6.9 per cent.

People and businesses are continuing to spend. Retail sales are expected to grow by 8.1 per cent this year, while investment will increase by 10.3 per cent. This vote of confidence by consumers and investors will receive some added stimulus from the recent decline in oil prices. Ontario's total crude oil bill in 1986 will be about $2.5 billion less than it was last year. However, we are aware of the damaging consequences of a sudden drop in oil prices to many regions of the country and some Ontario industries and workers, most notably Sault Ste. Marie.

Lower inflation is leading to lower interest rates. This is obviously good news for Ontario's economy, especially for the housing and construction sectors. This year, 68,000 housing starts in Ontario are forecast; that would make it the best year since 1978 for residential construction.

This strong economic climate gives us the opportunity to build the foundations of continued prosperity. We are determined that Ontario industry remains competitive in world markets. That means investing in the latest technology to produce better products and selling them more aggressively around the world. Many Ontario companies are doing that already. Our industries are investing billions of dollars to equip themselves for tomorrow's competitive challenges.

Despite this encouraging overall investment performance, many sectors of Ontario industry are less productive and efficient than their competitors abroad. In general, Ontario industry has been slow to take advantage of the revolution in technology which encourages flexible manufacturing and just-in-time production techniques. With notable exceptions, such as our automobile, auto parts and steel industries, manufacturing productivity in Ontario is lower than in the United States. Our current competitive advantage in manufactured goods is less a tribute to our efficiency than to the value of the Canadian dollar.

Improving productivity is mainly the responsibility of the private sector, but there is an important supporting role for government to play. That is why the Ontario government can and will promote technological innovation by strengthening the links between the private sector and Ontario's universities; support new and growing companies, which generate most of the new jobs; encourage better training and retraining to build tomorrow's skills in today's work place, and promote excellence in schools, colleges and universities.

Ontario is also participating in preparations for the Canada-US bilateral trade negotiations. We believe that good trade relations with the US are vital. Our objective is to secure and enhance access to American markets; but, in doing so, we continue to be concerned about the price Canadians may be asked to pay to achieve these objectives. We insist that Canada maintain its economic and political sovereignty. This includes the ability to have a flexible exchange-rate policy, to pursue necessary regional and industrial development policies, to preserve our social programs, to protect and nurture our cultural industries, to recognize the unique problems of the agricultural sector and to maintain existing trade arrangements such as the auto pact.

When a company invests in new plant or equipment, it buys the latest, most productive technology. That is why the level of capital investment is an important measure of our ability to compete internationally. By this yardstick, Ontario is doing well. The post-recession increase in capital spending in Ontario is still in full swing, but unless we invest even more in new technology, we will not be able to maintain our current level of competitiveness. We cannot afford to underestimate the skills and sophistication of such new players in the global trading arena as Brazil, Singapore, Hong Kong and Korea. We must also outperform our major competitors among the industrial countries, because we have some catching up to do.

As part of this strategy, the government has already announced the establishment of a council, chaired by the Premier, to direct a $1-billion technology fund for the next decade. The technology fund will support a wide variety of initiatives and joint ventures, some of them involving partnerships with the federal government, universities and the private sector. This budget sets aside $100 million this year as our initial contribution towards these initiatives.

Small business is the most dynamic component of the private sector and creates most of Ontario's new jobs. More than one half of the new jobs created in Ontario over the next five years will come from businesses that do not now exist. The throne speech announced programs to support growing Ontario companies. In addition, the Ontario Development Corp. will be reorganized to improve the delivery of assistance to small business.

The ODC will be expanded to include a new ventures program, which will provide loan guarantees of up to $15,000 to newly established businesses, along with advice and counsel to new entrepreneurs. A new program, Innovation Ontario, will provide pre-venture capital assistance to small businesses in the high-technology field. It will also provide assistance for licensing and joint ventures and for firms developing technology-intensive products purchased by all levels of government.

To carry out its expanded mandate, the ODC budget will be increased by $10 million this year. The Minister of Industry, Trade and Technology (Mr. O'Neil) will be announcing further details.

Most of Ontario's new businesses, and most of the new jobs, are generated in the service sector. To recognize the growing importance of this sector, we are broadening our small business development corporations program so that companies offering certain support services to business will become eligible for SBDC incentives. This will ensure more effective use of the $30 million that has been budgeted for this program in 1986-87.

Last October we began a major study of the service sector and its impact on the Ontario economy. An interim report is included in the budget papers and the final report is expected to recommend further policy initiatives.

Tourism is one of Ontario's most important service industries. The Ministry of Tourism and Recreation is preparing a strategic plan to assess where further development of the tourism industry is needed. In the meantime, the Minister of Tourism and Recreation (Mr. Eakins) has launched a new marketing campaign to attract visitors to the province and is developing a hospitality awareness program to encourage repeat visits to Ontario. I am providing $10 million in new funding for these and other tourism initiatives in addition to $2.8 million in capital assistance for new hospitality training facilities. These amounts are supplementary to the $12 million already budgeted this year for investment in tourism facilities in conjunction with the federal government.

I believe employee share ownership plans can foster a stronger partnership between employers and employees by enabling employees to participate directly in the benefits of business growth. For small and medium-sized businesses, they can provide a new and welcome source of equity capital.

I am proposing measures to make it easier for employees to participate in these plans and to encourage employers to establish them. To encourage employee participation, the province will provide employees of small and medium-sized Ontario businesses with a 15 per cent tax credit on up to $2,000 of annual purchases of newly issued shares of their employers' corporations. To encourage businesses to establish employee share ownership plans, the government will compensate them for one third of the cost of setting up a plan to a maximum of $10,000.

I expect to have Ontario's program in place for 1987. In the meantime, I believe the proposal would benefit from the advice and counsel of concerned organizations and members of the public.

I also believe there are opportunities to make greater use of the income tax provisions for profit-sharing arrangements to support employee share ownership. My staff will be working with federal officials to prepare a proposal.

On-the-job training and skills development is one of the essential building blocks of economic growth. This area is so important, and has been so neglected, that we are doubling the province's allocation for skills training and upgrading programs to $100 million. Our goal is to expand and reshape the system so that training and skills development become a normal and continuing part of the work experience. Our programs will address the special needs of women, minorities, older workers and young people and will place more emphasis on helping smaller companies to set up training programs of their own.

The allocation for training and employment programs for youth will be continued at the 1985-86 level of $175 million. This brings our total funding for skills development, training and employment programs to $275 million. The Minister of Skills Development (Mr. Sorbara) will be announcing details of these programs.

Our economic future cannot be secured without a strong and vital education system. In my last budget, I increased basic operating grants for universities and colleges of applied arts and technology for 1986-87 by four per cent and provided $80 million for colleges and universities excellence funds. Together they raise the overall increase in operating and capital grants to our post-secondary institutions by eight per cent this year. The excellence funds provide for upgrading of library and instructional equipment, research support and a multi-year program of faculty renewal to support 500 new faculty positions in Ontario universities.

Universities will also be major beneficiaries of a technology fund; the fiscal plan for 1986-87 provides $15 million to revitalize and strengthen Ontario's applied research capacity. The criteria for the university research incentive fund will be expanded to encourage co-operative research projects with industry, and matching grants will be improved to a one-for-one basis.

Last year I established an education capital fund for 1986. In addition to regular capital funding of $67.2 million, the fund provides $25 million to reduce the backlog of school board capital requirements. This funding has been fully committed and many of the projects are well under way.

TVOntario will be given special funding for more curriculum-based science programming in co-operation with the private-sector production industry in Ontario.

The measures introduced last year to strengthen the province's partnership with local governments have given municipalities a greater degree of certainty in planning for the provision of local services. As part of our continuing efforts to strengthen our partnership with local governments, the basic funding increases for school boards, municipalities, hospitals, universities and colleges will be announced by November 1. I am also improving the timeliness of payments to municipalities to ease their short-term financing requirements.

The community economic transformation agreements program will be renewed and broadened in scope. The program will be available to communities facing substantial economic dislocation. It will be of special importance to eastern and northern communities, particularly those depending on single industries that are facing severe structural adjustment problems. The city of Sault Ste. Marie, which is facing major layoffs at Algoma Steel, is an obvious example. The focus of the program will be on long-term job creation. Communities that take the initiative to generate and develop ideas for job creation may receive provincial assistance which, together with local and private-sector funding, will help make these ideas a reality. I am budgeting $25 million for this measure over the next two years.

The government will ensure that new initiatives are combined with existing programs in a comprehensive response to the difficult circumstances in northern Ontario. In the meantime, the budget of the Ministry of Northern Development and Mines includes an increase of $10 million in 1986-87 for health care and transportation initiatives. An additional $5 million will be spent on new educational programs for the north. This year, $17 million will be made available from the $100-million northern development fund to promote enduring economic activity in the north.

Ontario Hydro is establishing a northern advisory board to enable it to play a more active role in stimulating northern development.

The mining industry has long been the mainstay of many northern communities. Last fall, to keep pace with the changing competitive conditions facing the mining industry, I presented a number of proposals to simplify the Mining Tax Act and to make Ontario more competitive with other provinces. After extensive consultation, I am transferring responsibility for the administration of the Mining Tax Act to the Ministry of Revenue, and I will introduce a bill to update that act. As already announced, we will maintain the existing maximum processing allowance of 65 per cent.

The forest industry is a major contributor to the provincial economy and accounts for more than $3.5 billion in annual exports. To ensure that our forest resources are properly tended and protected, Ontario will increase its forestry budget by more than 13 per cent to $271 million in 1986-87. Included in this funding is $3.5 million to expand the number of forest management agreements and $35 million under a cost-sharing agreement with the federal government for forest management activities.

Economic conditions in eastern Ontario also warrant special attention. The reorganization of the Ontario Development Corp. , its broader range of programs and its higher allocation should be of particular benefit to eastern Ontario. The CETA program will permit eastern Ontario communities to undertake initiatives to revitalize their local economies. New funds will also be available to boost tourism in the region.

Recently, government assistance encouraged the establishment of auto parts plants in Peterborough and Lindsay, involving a total investment of $68 million and the creation of almost 500 new jobs. These developments clearly point to the rich potential for this area of the province.

As I noted earlier, the agricultural outlook remains bleak. Although interest rates are dropping, too many farmers still have unacceptably high debt burdens. With low commodity prices, the cash flow from farming operations is too often insufficient to service farm debt, and credit is increasingly difficult to obtain. With the threat of continued depressed prices posed by new US agricultural policies, the financial pressures on our farmers are expected to continue.

To respond to the needs of Ontario's farm community, the budget for the Ministry of Agriculture and Food has been increased to $457 million, a 39 per cent increase in funding since we took office. In line with the recommendations of the Task Force on Agricultural Finance, we will extend the Ontario family farm interest rate reduction program, expand the farm operating credit assistance program and expand the beginning farmers assistance program. We will also introduce new research and education initiatives and improve the marketing of Ontario's agricultural products. Full details of these initiatives will be announced by the Minister of Agriculture and Food (Mr. Riddell).

In my previous budget, I announced a special fund to assist Ontario farmers who are leaving the agricultural industry. The federal government has now announced a similar program that is national in scope. This provides us with an opportunity to wind down those aspects of our program that the federal program replaces and to reallocate the funding to other agricultural priorities.

I now turn to our plans for improving Ontario's social programs. Most are designed to provide long-term benefits, but there is one urgent problem that requires immediate action. A disturbing number of social assistance recipients often need to use their food money to pay rent. I am therefore providing an additional $25 million to increase shelter subsidies for those recipients with very high shelter costs. About 50,000 families will benefit from this increased support.

The government is committed to a reform of child care policy and recognizes child care as a basic public service. A comprehensive plan for this important service for working parents is now being developed. In the meantime, I wish to demonstrate our commitment to child care in a practical way. In addition to the $26-million increase in funding allocated this year to my October 1985 budget initiatives for child care, I am adding a further $6 million to alleviate a number of pressing problems, including capital expansion.

In other social initiatives, we are placing a fresh emphasis on mobilizing community resources to help people lead more independent lives.

To strengthen services for senior citizens, I am providing $13.5 million for new and existing programs, including the improvement of community support services, the expansion of regional geriatric assessment units, and the establishment of a new department of geriatrics at an Ontario university.

To demonstrate Ontario's commitment to the disabled, and in recognition of the United Nations declaration of the Decade of Disabled Persons, I am allocating $10 million to permit greater participation by the disabled in the mainstream of social and economic activity.

To expand and enhance housing programs to better meet the needs of the disabled, I am providing an additional $5 million to the Ministry of Housing and the office responsible for disabled persons.

To help integrate the developmentally handicapped into our communities, $17 million will be allocated over the next two years. A comprehensive plan for community and residential services for the mentally handicapped is also being developed.

We will provide $850 million for a major, multi-year hospital capital expansion. This program will provide for additional acute and chronic care beds and the most pressing improvements to existing hospital and cancer treatment facilities. All construction will begin within the next five years. The Minister of Health (Mr. Elston) will bring forward a comprehensive plan for future capital requirements.

The Ministry of Health will be presenting a proposal to extend the range of dental services available to children. Local health units will receive special funding to provide necessary treatment to school-aged children with urgent dental care needs.

The government has moved quickly to respond to the environmental concerns facing Ontario. The budget provides continued support for the security fund for waste cleanup and new funding to ensure that we can respond quickly and efficiently when toxic spills occur anywhere in the province. The Ministry of the Environment's $363-million budget includes an additional $5 million to improve the monitoring of water quality and to expand its capacity to perform the necessary sophisticated laboratory tests.

To improve systems for disposal of biomedical waste and to ensure compliance with current waste disposal standards, the Minister of Health will soon announce details of a $15-million biomedical waste treatment plan for hospitals.

We are making progress in meeting our commitment to increase the supply of affordable rental housing. In February, the Minister of Housing (Mr. Curling) signed an agreement with his federal counterpart to build 6,700 units of nonprofit and co-operative housing in 1986. At least 4,700 of these will be subsidized units for low-income families. The province will also share the cost of 600 rent-geared-to-income units in the federal government's new co-operative tenure program.

Through the Renterprise program, announced last December, 5,000 rental units will be built. Other programs will help pay the cost of renovating older apartment buildings. We will spend $500 million on affordable housing programs over the next five years. This year, spending on housing programs will total more than $60 million.

My colleague the Minister of Citizenship and Culture (Ms. Munro) will be announcing a new investing in the arts program. This four-year, $10-million initiative will deliver incentives for fund-raising efforts and improve the financial strength of Ontario's arts organizations.

The people of the province and the nation benefit when the federal government and the provinces work together. An example is last year's national consensus on private-sector pension reform. More recently, after nearly a decade of discussion, the federal and provincial governments have reached agreement on a new financing arrangement for the Canada pension plan and a modest package of needed benefit improvements.

The first annual meeting of ministers under the economic and regional development agreement will take place soon. We will discuss Ontario's priorities for action over the coming year and review progress under the ERDA with the federal Minister of Regional Industrial Expansion.

I expect we will be able to agree on a number of new initiatives to further the province's economic and industrial development potential.

Another matter of shared concern for both levels of government is the need for a comprehensive response to the current difficulties in northern Ontario. One of the great strengths of this nation is our capacity to recognize and respond co-operatively and positively to problems in any part of Canada where need exists. Unfortunately, not all recent developments have been positive. The combined impact of the past two federal budgets will be a net reduction in Ontario's revenues of an estimated $39 million this year.

The federal cut in support for health care and post-secondary education will reduce Ontario's revenues by $114 million this year and by close to $2 billion over the next five years.

The capital gains exemption introduced in the 1985 federal budget will reduce Ontario's revenues by $130 million a year. It undermines the fairness of the tax system and adds significantly to its complexity. Since my October budget, I have conveyed Ontario's opposition to this exemption to the federal Minister of Finance. After a thorough review of the available options, I have decided it is not practical to proceed with an Ontario capital gains tax.

I am concerned about the implications for Ontario of a number of items on the federal agenda.

The proposal in the last federal budget for international banking centres fails to recognize the importance of Toronto as the nation's major financial centre, and it sends a confusing signal to the international banking community.

The social program cuts proposed by the Nielsen task force could adversely affect our revenues for those programs or result in the shift of expenditures to the province.

The federal finance minister indicated that he will introduce measures in his next budget to change the federal system of social expenditures and the related tax measures, but he has not indicated how or when he will consult the provinces about these matters of fundamental concern.

The federal government is expected to change its sales tax to a business transfer tax. This could have major economic and fiscal implications for Ontario.

Finally, we are concerned about what is not on the federal-provincial agenda. A thorough review of the entire tax system is needed. Taxpayers are increasingly concerned about its complexity, questioning its fairness and sceptical about the way the tax system is used to create incentives.

It is also time to begin a federal-provincial discussion of the issues related to the financing of child care and to consider a far-reaching reform of social programs. Ontario has initiated its own study of social assistance which I believe will contribute to the national review of the financing and delivery of income support programs.

I intend to raise all these matters at the next federal-provincial meeting of finance ministers and treasurers.

An important aspect of fiscal responsibility is to pay today for things consumed today and to borrow only for projects of enduring benefit and when economic stimulus is required. This is the foundation of our approach to fiscal management.

As part of this pay-as-you-go policy, we are making major changes in the way the province's financial affairs are managed. These changes will make possible a more businesslike approach to government spending.

In past years, each ministry developed separate capital spending plans and received allocations on a year-by-year basis. There was little co-ordination among ministries, and long-term planning was inadequate.

We will implement a more comprehensive approach to capital expenditure planning. The Management Board of Cabinet will co-ordinate Ontario's capital and other investment plans. Each ministry will submit a multi-year capital plan, which will identify future needs and report the impact of new capital spending on operating costs. These plans will be updated annually and reviewed to ensure that they are consistent with overall government objectives.

Other changes are planned:

As announced in my October 1985 budget, my colleague the Chairman of Management Board (Ms. Caplan) will be making regular reports to the House on the results of her review of the effectiveness and efficiency of government activities.

I have asked Treasury staff for a review of the financing issues related to the indexing of Ontario's two major public-sector pension plans.

We are continuing to review our financing strategies to take advantage of new opportunities in capital markets and modern debt management techniques. We have declined Canada pension plan funds available to Ontario in May of this year, because these funds were surplus to our needs and were more expensive than alternative sources.

Lottery revenues will no longer be designated for specific programs. They will now be used for such priorities as cancer treatment, community hospitals and university research as well as for community recreation and cultural activities.

I now come to this budget's revenue measures. In reviewing my options, I concluded that increases in the rates of personal income tax, retail sales tax and corporate income tax are unwarranted. Instead, I am proposing measures to improve the fairness of the system, specifically: an increase in the tobacco tax of 0.13 cents per cigarette, which will add approximately four cents to the price of a package of 25; ceilings on retail sales tax support for the purchase of alternative-fuel vehicles, effective 30 days following royal assent; removal of the sales tax exemption for heavy trucks and trailers; continuation of the three per cent surtax on Ontario personal income tax in excess of $5,000, which will affect only taxpayers earning more than $50,000; paralleling of the federal treatment of reserves in the corporate income tax, and --

Yes. If I may read that for the benefit of the Leader of the Opposition (Mr. Grossman), it is continuation of the three per cent surtax on Ontario personal income tax in excess of $5,000. This will affect only taxpayers earning more than $50,000. We also want to parallel the federal treatment of reserves in the corporate income tax, and we will tighten and simplify the current rules for the calculation of the capital tax base.

Except as indicated, these measures will take effect on January 1, 1987. I estimate that these measures will increase Ontario revenues by $17 million this year.

To benefit low-income people, I propose to further broaden Ontario's income tax reduction program. For 1987, taxpayers with taxable incomes of less than $2,275 will have their taxes reduced, and those with taxable incomes of less than $2,075 will pay no Ontario personal income tax at all. This will save low-income Ontarians an additional $15 million next year and will bring to 550,000 the number of Ontarians whose provincial tax is reduced or eliminated by this program.

We will continue to phase down our reliance on Ontario health insurance plan premiums to help fund health care. In addition, we will eliminate premium payments for an estimated 35,000 low-income Ontarians in 1987, at a cost of $20 million.

Finally, I propose that the sales tax relief for low-priced meals introduced earlier this year be improved by raising the $1 exemption level to $2.

I am glad the members like that.

This measure will take effect 30 days following royal assent. I expect this change to cost an additional $20 million this fiscal year.

The fiscal plan reduces net cash requirements to $1.5 billion this year. This amounts to an $85-million decrease from the level of last year's net cash requirements before taking into account extraordinary adjustments such as paying off the Suncor note. Including those adjustments, net cash requirements are reduced by $590 million from $2.1 billion last year. The fiscal plan continues the downward trend in net cash requirements as a percentage of total government spending, from 6.5 per cent last year to 4.9 per cent this year.

Revenues are projected to increase by 8.2 per cent this fiscal year, reflecting Ontario's continued strong economic performance. Expenditures are expected to grow by 7.4 per cent.

The operating position reflects the progress the government has made in paying for its day-today operating needs from its current revenues. This budget further reduces the operating deficit by $263 million this year to $317 million.

Accompanying my last budget was a discussion paper entitled Reforming the Budget Process. I have received a great deal of positive comment from individuals and associations that have participated in budget consultations. The legislative committee on finance and economic affairs has been appointed. I am pleased to confirm that the consultations for the 1987 budget will begin this autumn, and I will present a paper to assist in focusing the debate. These are important reforms which will assist future budgets to be fully responsive to the needs of Ontarians.

The legislative committee will also be asked to deal with other issues of significance to the province and the nation. For example, there is a growing public concern about corporate concentration and ownership. In many cases this concentration is being fed by mergers and takeovers. I question the merit of these mergers as well as the dangers the resulting concentrations pose to our community. I am asking the new legislative committee to examine this issue and to bring to the Legislature its recommendations for an appropriate Ontario response.

In conclusion, the budget provides for the government's program outlined in the speech from the throne.

It adopts a longer-term approach to the management of government.

It introduces programs to maintain our economic prosperity and create jobs.

It describes the government's programs to assist business in meeting the competitive challenges of the 1990s and the rationalization and simplification of the delivery of those programs.

It responds to the crisis in the Ontario farm community.

It funds programs essential to maintaining and improving the quality of life in Ontario.

It establishes new standards for fiscal management.

And finally, it proposes no general tax increases.

On motion by Mr. Harris, the debate was adjourned.