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| Ontario | 34e | 2e | Discours sur le budget | 24 avril 1990 | Robert Nixon | Treasurer and Minister of Economics | Ontario Liberal Party |

In presenting the 1990 budget to the House, I will report on our provincial economy, announce levels of expenditure for programs and explain how the bills will be paid.

First, let me summarize our fiscal position.

Revenues are expected to rise to $44.5 billion, an increase of 6.8 per cent. Taxes are reduced for many Ontarians and there are no general tax increases.

I hope I can contain the natural spontaneous appreciation of my colleagues; otherwise, we are going to be late for supper.

Expenditures are also estimated to be $44.5 billion, an increase of 6.8 per cent.

Following the elimination of Ontario’s deficit for the fiscal year just ended, and to maintain stability and fiscal flexibility, I am reporting today that this budget is balanced.

The fiscal position that we have achieved allows the government to pursue its agenda for the continued renewal and modernization of Ontario’s programs and services.

In this budget, we are putting forward a plan that addresses the realities of the 1990s: an aging population, working families, a commuting labour force, the need for clean water and the demands of competition in a global marketplace.

The economy is now in its eighth consecutive year of expansion. Real output is expected to grow by 1.7 per cent after growth of 2.8 per cent last year. Solid gains in business investment and ongoing expansion of consumer spending will be the main sources of economic growth this year. Slower growth reflects the impact of high interest rates and a high exchange rate for the Canadian dollar.

Our province’s industries must be able to grow and compete internationally. Ontario’s advantage lies in developing its technologically advanced economy, relying upon innovation and a highly skilled labour force. Ontario does not seek to compete through low wages, inadequate environmental standards or poor protection of the public interest. On the contrary, the government believes that those who make the investment decisions on a global basis are not looking for sweatshop conditions.

Maintaining this competitive strategy will require a healthy, well-educated and adaptable workforce, as well as continued development of the province’s infrastructure. In addition, business must have the opportunity to operate at a reasonable cost within a competitive tax structure and a stable and predictable fiscal climate. Only in this way can we provide a strong economy and jobs for the future.

New investment in manufacturing machinery and equipment will be vital to Ontario as business responds to the realities of the free trade agreement, increased global competition, high interest rates and a high Canadian dollar.

In the 1988 budget, the Ontario current cost adjustment was introduced to reinforce Ontario’s attractiveness for new manufacturing machinery and equipment investment. The current cost adjustment rate was set at 10 per cent in 1989, 15 per cent for 1990 and will be doubled in this budget to 30 per cent, commencing 1 January 1991.

At maturity, this improvement will result in an additional $140 million to encourage continued new manufacturing investment.

An efficient transportation system is essential to Ontario’s growing economy. To respond to this need, the $2-billion transportation capital program was introduced in last year’s budget. This five-year program is providing $1.2 billion for various provincial highway projects throughout the province, $400 million in GO Transit service improvements and $400 million for municipal roads and transit. Total transportation spending will be almost $2.5 billion this year, including $310 million in transportation capital program funding.

The government has recently announced a comprehensive expansion of the municipal transit system for the greater Toronto area. The projects in this program will result in a rapid transit network of over 140 kilometres. As well, the Minister of Transportation announced improvements to GO services. These plans will require up to $5 billion over the next 10 years from the province, municipalities and the private sector.

To continue the enhancement of viable alternatives for commuters, the government is introducing a further service expansion: immediate GO rail extensions to Bane, Bowmanville and Guelph. Future extensions of GO to Brantford and Peterborough will be reviewed.

In January the federal government discontinued the Via Rail night train service, which provided an important link between northeastern and southern Ontario. The Ontario government, through the Ontario Northland Transportation Commission, has continued its day train service. The commission will be instructed by the province to open talks with the federal government towards the commission re-establishing a night train service.

A healthy trucking industry is important to Ontario’s competitiveness. Current federal and provincial tax laws do not provide a level playing field for Ontario’s trucking industry to compete with business based in the United States. I have, therefore, asked the federal Minister of Finance to expedite the renegotiation of the Canada-US tax treaty in regard to trucking, so that Canadian and US carriers compete on a more equal basis. In the meantime, the province will introduce its own measures to require American-based truckers to pay provincial corporate income tax for business conducted in this province.

Demographic, technological and economic changes are creating competitive challenges as well as opportunities for Ontario. The government supports the view of the Premier’s Council on Technology that labour and business, working together, have a key role in addressing the training and adjustment requirements of the labour market.

The government views training as a responsibility to be shared with the federal government as well as with industry and labour. If Canada is to have a productive workforce, the provinces and the federal government must work together to build high-quality training opportunities throughout the nation.

Ontario will do its part. In our continuing effort to upgrade skills and address shortages, Ontario will provide an additional $11 million for the in-school training of apprentices this year. This will bring Ontario’s share of spending on apprenticeship and related programs to $46 million this year.

To help provide for modern equipment and library materials and to enhance the quality of education, $18 million has been allocated for universities. This is --

The loud laugh bespeaks the vacant mind. In case the New Democratic Party members were worried, this is in addition to the $1.8 billion for university operating grants already announced in November.

In the 1988 budget the government responded to local needs for school facilities with a $900-million, three-year commitment to school construction and renovation. This commitment was increased to $1.2 billion over four years in the 1989 budget.

The multi-year provincial capital commitment for schools is extended for a fifth year, to provide at least $300 million in 1993-94. When combined with local contributions, this will allow an additional $500 million in school construction. Through this multi-year commitment, the government will provide a total of $1.5 billion in education capital.

The government places a high priority on protecting and enhancing our environment. Funding provided to the Ministry of the Environment will total $649 million this year, an increase of 22 per cent over last year. In this fiscal year, capital outlays by the ministry will increase by 34 per cent to $279 million.

As well, the government recently announced several significant initiatives to improve the quality of life and respond to increasing urban needs in the greater Toronto area, including the creation of a major urban park in the Rouge Valley and the planned development of a community of 90,000 at Seaton.

The supply of clean, safe water is vital to this province’s future. Our current water and sewer capital programs will provide $175 million in grants and $71 million for loans this year, but projections are for greatly increasing needs for new and rehabilitated facilities. An expanded commitment to water and sewer infrastructure is required.

To meet these needs, funding will be transferred to the new water and sewer crown corporation to be established in early 1991. It will build and operate water and sewage facilities in co-operation with municipalities and the private sector. Funding of new water and sewage development will be assisted by the corporation’s ability to borrow with a provincial guarantee of its debt. This will permit more rapid progress in meeting the needs for new, expanded and upgraded facilities consistent with environmental, health and affordable housing objectives. The corporation will provide clean water and ensure environmentally sound treatment of sewage.

The new corporation will report to the Minister of Municipal Affairs, who is responsible for local government and community planning in Ontario. The Minister of the Environment will be responsible for setting appropriate standards and for continued effective environmental scrutiny of our systems.

One of the consequences of our increased prosperity has been the ever-growing problem of garbage disposal. The Minister of the Environment has announced the government’s intention to achieve a significant reduction in waste requiring disposal. Funding of $70 million will be provided in support of municipal, institutional and industrial waste management, a 61 per cent increase over last year.

Ontario’s approach to waste abatement will require the producers of waste to pay for a greater share of the costs of developing new and safe landfill and incineration facilities. This will provide for a fair distribution of the costs of waste management. It will also improve economic incentives for environmentally sound waste abatement practices.

Improving the quality of our environment and preserving our natural heritage are important responsibilities of government. The Niagara Escarpment Commission is responsible for ensuring balanced use of its resource endowment while maintaining the escarpment.

Funding and responsibility for the plan and the commission are being transferred from the Minister of Municipal Affairs to the Minister of the Environment. This recognizes the unique environmental significance of the escarpment area.

Current programs such as the northern Ontario heritage fund and the eastern Ontario community economic development fund do much to encourage balanced growth across the province. In this budget, the government continues its commitment to a more equitable distribution of the benefits of economic growth in all regions of the province.

The $275-million northern Ontario relocation program is providing substantial economic benefits to northern Ontario through the transfer of 1,600 government jobs and the construction of six new buildings. The relocation to Timmins is complete, with construction well advanced in North Bay, Sudbury and Thunder Bay. A new office complex in Sault Ste Marie is scheduled for completion in the fall of 1991.

Decentralization to other parts of Ontario is also under way. For example, 450 jobs in the head office of the Ministry of Agriculture and Food will be relocated to Guelph in 1992.

Relocating government offices and jobs throughout the province distributes employment and helps stabilize communities affected by rapidly changing economic conditions. The government plans, therefore, to continue decentralizing its functions from the Metropolitan Toronto area over the next several years.

Farmers face unique challenges: unpredictable commodity prices, unfair international subsidy practices, uncertain growing conditions and increasingly intensive capital requirements. All these have combined with high interest rates to reduce the outlook for farm incomes this year. To help meet these challenges, $48 million have been allocated for new interest rate assistance to farmers. The government expects that the federal Minister of Agriculture will match these funds as part of his recently announced special assistance program.

In recognition of the importance of environmentally sound agricultural practices, $48 million over four years will be provided in financial assistance for soil conservation through the land stewardship program.

The government is committed to improving the competitiveness of the food processing sector. The Ministry of Agriculture and Food will continue to work with the industry to implement a food processing development strategy.

Under the Canada-Ontario forest resources development agreement the federal and Ontario governments contributed a total of $150 million to forest management over five years on a 50-50 basis. This agreement expired more than a year ago. Ontario will again supplement its own $15-million share with an additional $18 million, for a total expenditure on forest management of $232 million this year.

A healthy investment climate for mineral exploration is needed to ensure a competitive and dynamic mining industry. The federal budget’s termination of the Canadian exploration incentive program removes support for mineral exploration at a time when base metal reserves are declining and some communities are experiencing serious difficulty as a result of mine closures or cutbacks.

To help promote mineral exploration in Ontario, an extra $25 million will be allocated over three years to expand the Ontario prospectors’ assistance program and the Ontario mineral incentive program. An additional $5 million in special incentives will also be provided over the next three years to encourage exploration in the vicinity of selected northern Ontario communities.

In addition, we are pursuing discussions to renew the Canada-Ontario mineral development agreement, which expired on 31 March 1990.

Efficient, high-quality social services and a fair distribution of the benefits of our wealth are fundamental to the wellbeing of the people of the province. Continued funding is provided in this budget to support the modernization and enrichment of our social programs. Despite the federal government’s decision to reduce its support for cost-shared programs, Ontario will ensure that vital services are not jeopardized.

Over the next decade, the number of elderly and persons with disabilities will increase dramatically. Governments must implement plans now to ensure that adequate and efficient services will be available. This will require fundamental reform in the way we provide long-term care in the province and represents one of the most significant improvements in health and social services since the introduction of medicare.

To achieve this goal, the budget includes funding for the comprehensive reform of long-term care. This reform will create new, community-based service access agencies. These will allow people to find the help they need in one place and will ensure that appropriate care is provided, either in their homes or, where necessary, in long-term care facilities.

The new system of community-based access and in-home support will have increased funding of up to $410 million by the middle of the 1990s. Included is $11 million in immediate funding to improve visiting homemakers’ compensation. In addition, home support services delivered by community agencies will be greatly expanded. Provincial contributions to these services will be increased by $30 million when fully established. Co-payments will offset some of the costs of non-health-care services such as homemaking and meal preparation. There will be no charges for personal care. Lower-income Ontarians will be exempt from all charges for in-home services.

To improve the quality of care in the institutional sector, a consistent level-of-care funding system will be introduced for homes for the aged and nursing homes. This means more resources will be available to care for residents with greater needs. Through increased resident and government contributions, more than $200 million in additional funding will be available to homes for the aged and nursing homes by 1992.

Long-term care reform is a major step forward in this province’s health and social service system. Increased funding of $52 million is provided in this budget to initiate the reform.

The Premier’s Council on Health Strategy recommended a review of the province’s health capital plan. In January the Minister of Health announced a four-point priority framework for health capital: regional and community-based health services; priority programs, such as cancer, cardiac and emergency services; maintaining standards for safety and workplace health; and services needed in high-growth areas and to meet the needs of a growing seniors population. These priorities are intended to complement the government’s long-term care reform.

To facilitate the planning framework, the government will provide $1.3 billion for health capital over the next four years. For this year, $250 million will be allocated for health capital. Approximately $300 million of this multi-year funding is designated to increase cancer treatment capacity throughout the province.

In 1990-91, total Ministry of Health spending will increase by 10.9 per cent to $15.3 billion, or $1.5 billion more than last year. Hospital operating funding will increase by 9.7 per cent to $6.6 billion, including the recent enhancement of $60 million. Other health and social service agencies have also had support for their basic operating costs increased by an additional $39 million.

This year, combined federal and provincial contributions for child care will be $396 million, an increase of 16 per cent over last year’s spending. Due to Ottawa’s limitation on Canada assistance plan cost-sharing, federal contributions will remain at last year’s level of $139 million. Ontario’s share will be $257 million, an increase of 27 per cent over last year. This funding includes $10 million to operate newly licensed spaces in schools and non-profit centres. Provincial commitments are being honoured in the absence of federal contributions, but we are hopeful that new national child care legislation will be forthcoming, to renew Ottawa’s role in sharing child care costs across Canada.

Last year’s budget announced improved compensation for lower-paid workers in agencies. A further $58 million on an annual basis is provided in this budget to increase compensation in community agencies. The initiative will be targeted to services for persons with developmental handicaps, attendant care and home support, child welfare, child and family intervention services and halfway houses. This is in addition to the funding already noted for visiting homemakers through long-term care reform. This will help agencies hire and retain qualified, capable staff to provide these needed community services.

I am announcing today a reduction in Ontario incomes taxes for lower-income families with children. The Ontario tax reduction program will be enriched to provide a $200 supplement in respect of each dependent child aged 18 or under.

The enrichment will significantly increase the income level at which Ontario income tax becomes payable. For example, a single working parent supporting two children currently starts to pay Ontario income tax at an income of about $14,100. Following the enrichment, the level at which this parent will begin to pay Ontario income tax will be about $18,700.

An additional $200 supplement to the Ontario tax reduction will be provided in respect of dependants with disabilities, regardless of age. This further supplement recognizes that many persons with serious disabilities are cared for at home by family, and in some cases these families have low incomes. Where a child with disabilities is being cared for at home, the supporting parent may claim both supplements, for a total of $400.

The improved Ontario tax reduction will provide 250,000 supplements on behalf of children and dependants with disabilities, benefiting 115,000 families. The cost of this initiative is estimated at $44 million this year, increasing the total cost of the Ontario tax reduction to $88 million.

In last year’s budget, the government undertook a major reform of social assistance to provide better opportunities and to improve benefits for recipients. This initiative was and continues to be supported by business, labour, religious groups and service providers.

The cost of reform was to be shared with the federal government under the Canada assistance plan. In its recent budget, Ottawa announced it was freezing Ontario’s Canada assistance plan entitlement at five per cent above that of last year. By doing so, the federal government is not participating as a full partner in social assistance reform. Ontario will not follow the federal direction. This budget continues to provide funding for the reform process.

In the fall of 1989, children’s benefits were improved and the supports to employment program was initiated. As of January 1990, social assistance recipients also benefited from increased rates and improved shelter allowances. I am announcing today that basic benefits and shelter allowances will be increased by five per cent effective 1 January 1991. In total, social assistance spending will grow by $406 million, or 16 per cent, over last year.

As part of the government’s ongoing commitment to the aboriginal peoples of the province, an additional $14 million will be provided for native-managed social service initiatives. The federal government provides cost-sharing for these services under the Indian welfare agreement. The Ministry of Community and Social Services will provide these funds for increased homemaker and nursing services for native elderly, new native child and family service agencies and additional counselling services for families and their children. This funding will support and strengthen our native communities.

Assessment of property value on behalf of municipalities is currently undertaken by the Ministry of Revenue. A main objective of the assessment program is to ensure that a consistent assessment base exists in Ontario. This is being accomplished by a program of first-time reassessments for all Ontario municipalities, as well as the provision of supplementary assessments and other related activities. Rapid growth in many areas of the province has generated significant demands for assessment activity, and municipalities have requested that services be accelerated.

To respond to these requests, the province will establish the Property Assessment Corp. The new corporation will be better able to meet the assessment priorities of municipalities. The province will transfer its $108-million allocation for assessment activities to the corporation.

The planned implementation of the federal goods and services tax on 1 January 1991 will result in significant disruptions for business and consumers. Ontario finds the federal GST unacceptable.

No fundamental changes are made to Ontario’s retail sales tax in this budget. To assist Ontario’s vendors, particularly smaller businesses which play an important role in collecting our retail sales tax -- almost $9 billion -- this budget increases the rate of compensation for vendor collection from four per cent to five per cent and increases the annual maximum compensation from $1,000 to $1,500. Other minor changes are made to definitions and to administrative practices.

Ontario’s retail sales tax revenue estimates will be reduced by $1 million on a full-year basis as a consequence of the introduction of the GST and the changes in this budget.

Perhaps I should repeat for some of my colleagues in the official opposition that our tax revenue will be reduced by $1 million on a full-year basis as a consequence of the introduction of the GST and the changes in this budget.

This budget contains a tax increase on tobacco. As of midnight tonight, the tax per cigarette will be increased by one cent and the tax on cut tobacco will be made consistent with that on cigarettes. Together these changes will raise $158 million this year.

The concerns recently expressed by many provinces about fiscal arrangements with Ottawa are shared by Ontario. A constructive resolution must be found.

Over the past several years, the federal government has unilaterally changed the rules for every major federal-provincial fiscal arrangement. We support Ottawa’s stated goal of deficit reduction, but we do not believe that Canadian federalism is well served by failing to live up to federal-provincial agreements.

It is therefore our intent to seek opportunities to work with Ottawa, the provinces and the territories towards the renewal of fiscal arrangements and in the process to contribute to strengthening Canadian federalism.

The government is maintaining its proven record of responsible fiscal management and social and economic progress. Ontario’s budget has been balanced while reducing taxes for many families and businesses. Existing programs have been consolidated while we have funded new initiatives necessary to sustain social and economic development. This is a solid basis for our continued shared prosperity in a healthy and safe Ontario.

In the past five years the government has modernized our programs and improved their efficiency. We have emphasized our social priorities -- education, housing, health and social services -- while increasing support for the environment, transportation and public infrastructure. At the same time we have contributed to economic stability and business confidence by steadily reducing our deficit.

Last year we achieved a balanced budget for the first time in 20 years. I am delighted to announce another balanced budget for this fiscal year and to report that total debt will be reduced by $430 million, which, the honourable members would be interested to know, is the first reduction in Ontario’s debt in 43 years.

Actually, the honourable members would be glad to know that 42 years ago, in 1948, George Drew dissolved this Legislature only three years after winning a large majority in 1945. I throw that in for the edification of my honourable friend.

The leadership of the Premier in all these initiatives has been strong, confident and effective. As we complete our first five years in office, we are proud of our achievements in fulfilling our priorities, meeting our objectives and balancing our budget.