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| ***Province*** | ***Législature*** | ***Session*** | ***Type de discours*** | ***Date du discours*** | ***Locuteur*** | ***Fonction du locuteur*** | ***Parti politique*** |
| Ontario | 35e | 2e | Discours sur le budget | 30 avril 1992 | Floyd Laughren | Treasurer and Minister of Economics | Ontario New Democratic Party |

Mr Speaker, I rise to present the 1992 budget for the province of Ontario.

For this province, the budget is more than just a statement outlining income and spending intentions for the next 12 months. The budget represents an opportunity to bring to life important principles that the people of this province share with one another.

Greater social equity, economic renewal and fair and effective fiscal management go hand in hand. They cannot be separated. In this budget we bring these goals together.

For two years, our province has been in the grip of a recession. Many individuals, businesses --

In view of the fact that members didn't have their copies when I started, could I move that this House approves in general the budgetary policy of the government.

Thank you, Mr Speaker. I would like to make a few comments and I thought that I had best start from the beginning, as some members were preoccupied previously.

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Greater social equity, economic renewal and fair and effective fiscal management go hand in hand. They cannot be separated. In this budget we bring these goals together.

For two years, our province has been in the grip of a recession. Many individuals, businesses and communities have been hurt by forces over which they have no control. Many more are concerned about their future.

In this budget, we reaffirm our government's commitment to the people of this province. We are addressing Ontario's immediate priorities in a way that is consistent with our principles and with a view to the long term.

The people of Ontario want to hear from their government about how we are taking action on their priorities. Their fundamental priorities are clear. The first is jobs. The second is human services, such as health care and education. The third is keeping the deficit in check.

We are responding in this budget. We are taking immediate steps to create jobs, we are maintaining the important public services, and we are controlling the deficit.

Nous prenons des mesures immédiates pour créer des emplois. Nous maintenons des services publics importants. Nous limitons le déficit.

This is not a quick-fix strategy. In the teeth of a tough recession, with massive changes in the global economy, we can best meet the priorities of the people of Ontario by building on the fundamental strengths of the Ontario economy. That is why this government is taking concrete steps to create jobs, train workers, increase business investment and sustain the public services that mark a decent and caring society.

I am sure all Ontarians reacted with pride to the recent news that a United Nations survey ranked Canada as the best place to live in the entire world. Our province, at the heart of Canada, is indeed one of the best places in the world to live, to raise a family and to do business. This government, working with all of our partners, is confident that Ontario will emerge stronger and better from these tough times with a dynamic business sector, a productive workforce and affordable human services.

I have heard from thousands of Ontario citizens over the last few months. In January, this government did something different: We opened our books to show the public the challenges we faced in developing our budget for 1992. We asked Ontarians to let us know their opinions. More than 16,000 people called or wrote to request copies of the pre-budget materials published in January. I received more than 4,300 letters and submissions with advice on the budget. My cabinet colleagues and I met with 225 different groups. Many of my caucus colleagues held public meetings on the budget in their ridings.

I want to thank all the people who gave us ideas and suggestions. The process has shown the value of sharing information and involving Ontarians in decisions that affect them.

The people of Ontario do not expect miracles, but they do want leadership. They want us to take action on their priorities. Above all, they want to see Ontario working. This budget meets Ontario's priorities, and I would like to highlight just how it does that.

We are creating three major funds to support new jobs. First, we are launching, in cooperation with private firms and community groups, the Jobs Ontario training fund. This three-year, $1.1-billion program will provide jobs and training for up to 100,000 of Ontario's long-term unemployed.

Second, we are beginning a five-year, $2.3-billion strategic capital program, the Jobs Ontario capital fund, to prepare our transportation, communications and environmental systems for the 21st century. Approximately 10,000 jobs will be created this year alone in building these lasting assets.

Third, we are expanding our support for non-profit housing by 20,000 units through the Jobs Ontario homes fund, generating some $2.1 billion in capital activity in the construction industry.

To support Ontario businesses in investing and creating jobs, we are reducing taxes on manufacturing, small business and resource industries. The benefits from this support will be available to more than 200,000 businesses in the province.

To fulfil our commitment to maintaining public services, we have begun the work of restructuring and streamlining programs to provide more effective service to the public and to ensure that public services are both affordable and sustainable.

We are maintaining our universal health care system. By working with the health care community to make the system more effective, we are limiting growth in health care spending to 2% this year, down from an average of more than 11% for the last 10 years.

We are continuing to reform our social assistance program, and we are providing training and jobs to help recipients get back into the workforce.

We are reforming tax grants for seniors to redirect support through tax credits to the lowest-income seniors, who need it the most.

We have brought our deficit down from the unacceptable level we faced in January. In 1992-93, our operating deficit will be $6 billion, and our total budgetary requirements this year will be $9.9 billion.

We have found ways to cut our operating expenditure growth by over $3 billion this fiscal year. Fifteen ministries will actually have a drop in spending in 1992-93.

The overall rate of growth in total spending in this budget is the lowest in 39 years. Not since 1953 has the government of Ontario had a spending increase lower than this year's 4.9%. Excluding social assistance and public debt interest, total spending will grow by only 1.5% -- less than the rate of inflation.

We have endeavoured to strike a balance in meeting the priorities of creating jobs, maintaining services and controlling the deficit. To achieve this balanced approach, we have had to raise taxes. We have done so only after putting a tremendous effort into making government more efficient. And although personal income taxes are going up, combined federal-provincial income taxes for individuals earning less than $53,000 will be no higher in 1993 than they are now as a result of this budget.

This has been a tough year for this government, as well as for many workers and businesses in Ontario. The recession has taken a severe toll on our revenues and it has increased demand for services, such as social assistance, which support the unemployed.Let me deal directly with the federal government's role in the Ontario economy and this recession.

The recession has been deepened and lengthened by the federal government's policy of keeping interest rates and the dollar high, and by its imposition of the GST. Coupled with the federal government's free trade agreement, these policies have devastated Ontario's manufacturing jobs. And the federal government has not delivered on the adjustment programs it promised.

Premier Rae asked the federal government in February to participate in a national program to create employment through capital works. They have yet to respond to our offer of cooperation.

As if all that were not enough, the federal government has also backed away from its commitment to Canada's health, post-secondary education and social assistance programs. In this year alone, the federal government's limits on its payments for these important programs will cost Ontario $4.5 billion -- a loss of more than $1,700 for a family of four in this province.

All the provinces have suffered from the diminished federal role in maintaining this country's human services, such as health care, but almost half the total provincial losses are being borne by Ontario alone.

This government is determined to maintain these programs. I believe Ontarians are willing to support accessible health care, post-secondary education for our students and social assistance for people who are most in need.

Ontario has always been a strong supporter of the federal equalization program, and I continue to believe that Ontarians are willing to share with others in less prosperous regions.

We will pursue aggressively new federal-provincial arrangements that are fair to Ontario, that respect Ontario taxpayers and that preserve the programs that play such an important role in the Canadian standard of living.

And we will shoulder our responsibility to deal with the fiscal pressures that have resulted from federal policies. We will ensure that the people of Ontario do not have to carry an unbearable burden of debt interest costs in the years ahead. We are managing spending better. We are preserving important services by making them more cost-effective. We are maintaining our commitment to fairness. And we are contributing to economic recovery and renewal.

This government took office when the recession was already under way. Throughout our first 18 months, we have been working to reduce the hardship caused by the recession and to increase Ontario's strength as a good place for people to live, work and invest. All of us realize profound changes have happened, and are still happening, to our economy. This budget addresses both immediate and long-term needs to create jobs and secure Ontario's place in the world economy.

The recession has lasted longer and gone deeper than most expected. Although it began as a made-in-Canada recession, it has been lengthened by the slowdown in other economies, particularly the United States.

I am heartened that some signs of an economic recovery have begun to appear. Since the turn of the year we have seen a pickup in the US economy and, more significantly, in Ontario's exports to that very important market. Last year's decline in interest rates and in the value of the Canadian dollar, while smaller than economic circumstances would warrant, have helped set the stage for economic growth this year. Real output is expected to expand by 2.3% in fiscal 1992-93, and by approximately 4% over the medium term as the recovery takes hold. The economy is expected to create over 125,000 jobs by the spring of 1993.

This government cannot control external forces such as interest rates or the pace of recovery in the United States. We can, however, help to secure investment in Ontario's future by redirecting policies towards increasing productivity and encouraging innovation.

The slow pace of economic recovery shows the importance of focusing on the fundamental challenge of economic change.

I do not need to tell the worker who is moving from manual to computerized production about economic change. Nor do I need to explain to the software entrepreneur what it means to look for a steady supply of innovative programmers. They know our economy is changing and that we must all change with it.

By setting our targets and taking concrete action on jobs, training and investment, this government is joining with business and labour to reshape our economy for the 21st century.

I want to turn now to the specific initiatives in this budget. We are determined to help the long-term unemployed. Many need training. Many need child care support so that they can return to work. And all of them want to find good jobs.

To respond, we are creating the Jobs Ontario training fund -- an innovative, three-year training and employment program. It will help the long-term unemployed who are social assistance recipients or whose unemployment insurance benefits have run out. It will also benefit employers and provide training opportunities for workers who are now employed.

The Jobs Ontario training fund will provide a one-year training credit of up to $10,000 to an employer for each eligible unemployed worker hired for a new job. At least half of the training credit must be used to train the new employee, and the rest may be used to train other workers.

We estimate that this $1.1-billion program will support up to 100,000 jobs over the next three years. It will also help provide training for as many as 80,000 other Ontarians who are already working.

In addition, funding for up to 20,000 subsidized child care spaces will be made available to meet the needs of program participants. Affordable and reliable child care is essential for ensuring that parents with young children, particularly women who are single parents, can participate fully in the workforce. These child care spaces represent an unprecedented 40% expansion of subsidized child care spaces in the province.

The Minister of Skills Development will be launching the Jobs Ontario training fund shortly and will be working with business, labour and community interests to expand it across the province as soon as possible.

This major new initiative is only part of what this government is doing to support Ontario's workers. We will spend $930 million on training and adjustment programs this year -- an increase of 24% from last year. This is the largest commitment to worker training ever made by a government in this province.

We are also working with business, labour, trainers, educators, aboriginal peoples, community groups and other levels of government to reform our training programs so that we get better value for our training dollar. This summer we will appoint the governing body of the new Ontario Training and Adjustment Board. OTAB will help make training and adjustment programs more responsive to the needs of employers, workers and communities by involving all of them in developing new approaches to training.

Our elementary, secondary and post-secondary institutions will also play a vital role in the training and education of the Ontario workforce of the 1990s and beyond.

We are investing in Ontario's workers in another way by supporting pay equity for women. Pay equity means making sure women get paid fair value for the work they do, and it encourages more women to enter the workforce. Despite current fiscal pressures, our commitment to pay equity remains solid. In 1992-93, the government will spend $285 million to help implement pay equity.

This government remains committed to its plan to contribute almost $1 billion annually towards pay equity once it is fully implemented. That's commitment. Investment in people contributes to the skills and potential of our workforce.

Public investment in good roads, safe drinking water, reliable public transit and new schools improves our quality of life and significantly increases productivity and future private investment. This leads, in turn, to more high-quality, well-paying jobs in Ontario when business takes advantage of the benefits of locating and staying in Ontario.

To meet these needs, I am establishing the Jobs Ontario capital fund. The fund will invest $2.3 billion over the next five years to strengthen Ontario's infrastructure. In 1992-93, $500 million will be allocated, resulting in nearly 10,000 direct and indirect jobs in the first year alone.

Over the coming years this program will fund projects that support Ontario's transition to a more productive, knowledge-based economy, including: telecommunications projects that provide the basis for future business growth; environmental projects that ensure clean beaches and safe drinking water; new investments to support state-of-the-art upgrades and expansion of public transit; major highways essential to reach export markets and facilitate just-in-time delivery; and construction of new child care spaces to support the Jobs Ontario training fund.

The Jobs Ontario capital fund is in addition to our regular investment in roads, hospitals, schools, homes for the aged and other projects. This year we will spend a total of $3.9 billion on capital renewal, supporting over 75,000 jobs.

The government is making these investments now to secure more jobs and better jobs for Ontario workers in the 1990s and into the next century.

The government will also take a more innovative approach to capital investment and financing in Ontario. This will include consideration of changes in funding arrangements for schools, hospitals, universities, colleges and municipalities. It will include streamlined approvals and new ways to finance capital investments, such as in the area of transportation.

Over the next few months, we will consult with our transfer partners to restructure our capital financing arrangements, with implementation commencing in 1992-93. The expected impact of these measures is reflected in the medium-term fiscal outlook. With these measures, Ontario will ensure that the long-term nature of capital investment is more accurately recognized, as is the practice in other jurisdictions. Legislation necessary to implement this approach will be introduced. Later this year I will make a separate annual report to the Legislature on the province's capital budget and investments.

We are also moving in this budget to create jobs in the construction industry and meet the need for affordable housing.

I am announcing today the Jobs Ontario homes fund, with a commitment to support 20,000 new non-profit housing units. These homes will be allocated over three years and are in addition to the 10,000 non-profit homes that were provided in last year's budget.

Building these 20,000 homes will generate some $2.1 billion in work for the construction industry, a clear example of how we can create jobs and also meet important community needs.

Let me sum up the impact of these major budget initiatives. They will support jobs that provide training in new skills under the Jobs Ontario training fund; jobs in building strategic capital for the future under the Jobs Ontario capital fund; jobs in constructing and renewing our basic capital infrastructure; and jobs in building affordable housing under the Jobs Ontario homes fund. Together these initiatives will create or support 90,000 jobs for Ontario workers in 1992-93, and an even greater number next year. Scores of communities and thousands of businesses across the province will share in the benefits. These initiatives demonstrate this government's commitment to jobs.

We also know that private investment is the key to the creation of secure jobs in Ontario. Business investment brings with it new and improved technology and better ways of organizing production. This is the basis for improving our competitive position in the global economy. For investment to be effective and profitable in the new economy, it requires a highly skilled labour force, a stable and secure social system and first-rate transportation and communications facilities.

Ontario ranks with the best in the world in meeting these needs. But they cannot be taken for granted. We are undertaking important measures in this budget to maintain and build on these strengths. I am introducing tax measures that will encourage investment and promote restructuring and will make Ontario an even better place to do business.

For most types of business, Ontario's corporate tax system is competitive with other jurisdictions when payroll taxes and employer-paid health care costs are considered. Yet we cannot be satisfied with our past successes in attracting investment. Strategic investment in plant and equipment and new technologies are vital to Ontario's economic renewal.

In this budget, we are taking concrete steps to foster private sector investment and innovation and help create jobs.

Ontario's corporate tax rate on manufacturing and processing profits, as well as farming, mining, logging and fishing profits, will be reduced from 14.5% to 13.5%.

Ontario will increase the capital cost allowance rate from 25% to 35% for new investment in manufacturing and processing machinery and equipment.

To help modernize the transportation industry, Ontario will increase capital cost allowance rates on large trucks and tractors as well as railway cars and specified equipment.

Ontario will broaden eligibility under the research and development super allowance to increase research and development in the province.

Ontario will enrich its labour-sponsored venture capital corporation legislation by increasing the maximum annual investment limit to $5,000 and maximum firm size to $50 million in assets.

Together these measures will provide over $90 million in support to investment on a full-year basis. These tax adjustments will benefit businesses, large and small, across Ontario.

We are also providing additional support for small business.

We will reduce the corporate income tax rate for small business from 10% to 9.5%. This rate reduction is effective midnight tonight and will provide small business with $20 million in tax assistance this year alone.

We will reduce the paperwork burden on small businesses by allowing them to pay the employer health tax in one annual instalment instead of four times a year.

We will complement the small business financing program announced in the federal budget.

This government will place a new emphasis on working with industry sectors to address common challenges and improve the prospects for investment.

In today's economy, both competition and cooperation among firms contribute to strong economic performance. Competition is an important driver of innovation. Through cooperation, firms in a sector can accomplish projects that an individual company would not undertake. The benefits from this cooperation can be shared by all firms, enabling them to move to higher value added activities.

My colleagues are already working with many important industries to strengthen Ontario's competitive fundamentals, and we intend to expand these efforts. We are allocating $150 million over three years for the creation and operation of a sectoral partnership fund. Assistance will be available to cooperative projects in an industrial sector that lead to higher value added activities. Projects will emerge from consultations between the government and representatives of business, labour and other parties critical to the success of a sector. The Minister of Industry, Trade and Technology will provide further details.

As members of this Legislature will know, Ontario is a large and diverse province with unique communities and regions. Economic development strategies must include a recognition of local strengths and needs. The people who live and work in these communities know their areas best and must be involved in developing new economic solutions. We are working with local leaders to plan for economic renewal at the community level.

Over the past year a number of communities in northern Ontario have had to face the harsh realities of recession and restructuring. The government has been there to help. Through the northern Ontario heritage fund we will provide $30 million to strengthen and diversify the northern Ontario economy this year. This will bring the government's total contributions to the fund to date to $165 million.

In Kapuskasing the government worked successfully with the Spruce Falls Power and Paper Co, its workers, a new investor, the community and Ontario Hydro to bring in new ownership and a mill modernization program. The Ontario investment and worker ownership program helped bring about this new partnership.

In Elliot Lake and the surrounding area we are assisting the transition to a more diversified economy through a special $65-million Ontario Hydro package.

In Sault Ste Marie, Algoma Steel, the United Steelworkers and lenders have concluded a historic agreement to restructure steelmaking operations and ensure that Algoma continues to generate jobs and income for the community through a revitalized worker-owned company.

To assist forestry-dependent communities, Ontario has been working closely with the industry and the federal government to overturn the latest efforts by the United States to impose an import duty on softwood lumber. The government has also been working with the industry to launch a European lumber marketing venture that will help diversify markets, increase value added and improve the industry's longer-term viability.

Supporting the development of mining communities is a priority for the government. This summer the Ontario geological survey will be moving its headquarters to Sudbury. This will enhance Sudbury's role as a centre of mining development and expertise.

Ontario has accumulated a large and valuable store of information on its geological resources which is key to continuing mineral exploration efforts. A total of $11 million will be allocated over the next three years to computerize the geoscience records and maps of the Ministry of Northern Development and Mines. This will help to encourage and improve the effectiveness of exploration in the province. The government will also be working with the mining industry in northern communities over the next few months to review incentives for mineral exploration and development.

In our rural communities, agriculture is the mainstay. The government has been working with the farming community to bring long-term stability to this sector. Through the new commodity loan guarantee program we are providing farmers with low-interest working capital. Ontario farmers are expected to benefit from $50 million or more in operating loans from this program in 1992-93. The Minister of Agriculture and Food is continuing to work with the farming community on other innovative solutions to address the need for long-term financing.

At the same time we are working with the federal government to preserve the benefits of the supply management system under the General Agreement on Tariffs and Trade. Supply management offers farmers a measure of stability in the face of international subsidy wars. And we are continuing to work with the food processing industry to support innovation and productivity enhancements that will ensure a steady demand for Ontario's farm products.

While provincial and federal efforts to reduce tobacco consumption are generating significant public health benefits, a substantial burden of adjustment is falling on Ontario's tobacco farmers. An earlier adjustment assistance program, cost-shared with the federal government, successfully helped farmers to get out of tobacco production. The province will continue these efforts and will seek federal participation in this initiative.

Ontario is home to a horse breeding and racing industry that provides a substantial number of jobs and other economic benefits. The Ontario Racing Commission will be working to strengthen the industry by expanding simulcasting and allowing teletheatres. In addition to the benefits provided to the horse racing industry, the government will realize over $10 million this year through these measures.

Many communities, especially those in border areas, have expressed interest in expanding gambling as a way of promoting tourism. The government will establish casinos by working with interested communities and consulting with charitable and other organizations. In addition to the tourism and employment benefits, this measure will provide the province with new revenues.

We are working with the federal government to implement its offer to collect provincial tobacco taxes and alcohol levies at border crossing points. Collection of these charges will reduce tax-based differences in price between products sold domestically and those brought in from the United States.

Recently the Chair of Management Board of Cabinet announced a program to move government operations to many communities across the province. Among those to benefit will be St Catharines, whose economy has been rocked by major plant closures. A total of 1,400 jobs will be moved to that city. Other communities benefiting from the program include Windsor, Chatham, Brantford, Niagara Falls, Guelph, Orillia, Peterborough, Kingston, Elliot Lake and Haileybury.

In total, over 5,000 jobs will be involved in the moves over the next five years. These moves will diversify the economic base of many communities.

I have spoken at length about jobs, the first priority of Ontarians. I turn now to two other priorities addressed in this budget: maintaining services and keeping the deficit in check.

The people of Ontario want us to preserve important human services such as health care. But they also want government to control its costs.

This fiscal year we have reduced the growth in provincial operating expenditures by over $3 billion. In the face of lower-than-expected revenues, our operating spending this year will be $50.9 billion -- $800 million lower than the target we set for ourselves a year ago, despite the demand for services caused by the recession. We are holding the increase in total spending to 4.9%, yet we are still meeting the priorities of Ontario citizens.

The $3-billion reduction in expenditure growth has been achieved through a number of measures, including internal government efficiencies, limits on transfer payments and major program restructuring.

In January a $160-million transition fund was provided to help hospitals, schools, colleges and universities restructure and reform their public services. In doing so, we will also preserve services and minimize job losses. Ministers are working with representatives from these sectors, including employers, employees and their representatives, clients and their communities, to make services more cost-effective and efficient. Similarly other transfer partners such as municipalities and community agencies are also working with their ministers to develop strategies aimed at making their services both affordable and more effective.

The government has also provided leadership in the area of labour relations by negotiating a settlement with its employees' union that responds to the need for cooperation and restraint. The government is encouraged by public sector unions and employers who have recognized the difficult economic times and who have responded with balanced, creative and affordable settlements. Maintaining services and preserving jobs will require a continuing commitment to achieving innovative and affordable settlements through the collective bargaining process.

One thing that came through loud and clear in our pre-budget consultations is that people want politicians and public officials to tighten their belts the same as other people across the province have had to do. We have heard the message to control our own spending, and we are responding.

Salaries of cabinet ministers and MPPs are frozen for the second year in a row. Salaries of the 3,900 most senior managers in the government are also frozen for 1992. The government and the Ontario Public Service Employees Union have negotiated a creative agreement which includes a wage increase of 1% in 1992 for government employees. Non-salary overhead costs for all ministries are being cut by 10% this year, saving about $200 million. This includes reductions in spending on items such as consulting services, supplies, equipment and travel. Ministry spending on communications is also being cut by 10%.

In both public and private sectors, front-line workers are being empowered and organizations are being streamlined. We will be reducing the size of the public service by at least 2,500 from its 1992-93 level over the next two years through attrition, early retirement incentives and redeployment.

To help meet the challenge to do things better and smarter the government will appoint a small group of people from outside government to advise on innovative ways to restructure the public service to improve efficiency, accountability and the quality of service.

Difficult fiscal times also call for flexibility and options that allow employees greater choice when it comes to the balance between work and home. Ontario public service employees who wish to take unpaid leave of up to two weeks will be encouraged to do so where this saves money and does not jeopardize services. The Chair of Management Board will announce further details of these plans.

Ontarians are fiercely proud of our universal and accessible public health care system, but maintaining the quality of Ontario's health care system while reducing rapid expenditure growth is essential to preserving medicare. Total health care costs have increased at an average annual rate of 11.2% over the past 10 years. This high level of growth is simply not sustainable.

Since the tabling of the 1991 supplementary budget paper Managing Health Care Funding the Minister of Health has made significant progress in cooperation with our many health sector partners to manage health spending. Because of this cooperation we are able to hold the increase in total health care spending to 2% this year.

The Minister of Health and the people she works with deserve an enormous amount of credit for her efforts.

We will implement new measures within OHIP to achieve additional savings in 1992-93. For example, the government will consult with the Ontario Medical Association on tightening billing criteria to ensure that the services provided to the people of Ontario are of real medical benefit.

The ministry will also reform the Ontario drug benefit plan. Guidelines will be established for prescribing drugs under this program.

Important reforms have been undertaken in the hospital sector. The reforms will develop new and better ways of allocating resources to maintain hospital services while moderating the overall expenditure growth rate. These reforms are being coupled with an emphasis on providing long-term care and community-based services.

This government has placed a high priority on putting services for seniors on a solid footing for the years to come. Last year we announced a $647-million program to reform the long-term care system for the elderly and for persons with disabilities. This program will expand health and support services, with an emphasis on providing services at home. Despite the financial pressures we face this year we are providing an additional $100 million this year to move ahead with these absolutely essential reforms.

We are also reforming property and sales tax support for seniors. The existing seniors tax grants program will be replaced with refundable property and sales tax credits, which seniors will receive each spring when they complete their income tax returns.

The new tax credits are designed to provide higher benefits to low-income seniors. Over 350,000 senior households will receive increased benefits. For senior households with incomes under $23,000, average benefits will increase by $135 per household. Most senior households with incomes between $23,000 and $40,000 will also receive benefits under the new program, but at a lower level than under the current program.

Reforms to this program will result in savings of about $100 million per year, primarily by ending benefits to most senior households with incomes over $50,000.

Seniors will receive their full tax credits for 1992 when they file their 1992 income tax returns next spring. To assist with the transition to this new program, seniors will also receive tax grants under the existing program in 1992.

More than one million people in Ontario now rely on social assistance. Expenditure on social assistance in this province has more than doubled in just three years, growing from $2.6 billion in 1989-90 to an estimated $6.2 billion in 1992-93.

We must continue to remove the barriers that prevent many social assistance recipients from moving into the workforce. A major objective of the Jobs Ontario training fund is to ensure that people who were employed until the recent downturn and who now find themselves on social assistance can regain their independence and upgrade their skills. We expect the Jobs Ontario training fund to reduce the need for social assistance over the next three years.

To maintain our commitment to a fair social assistance system and to respond to those most in need, the system must achieve greater efficiencies. Limited resources must be used in the most efficient way possible. The Minister of Community and Social Services will provide further details on a number of measures to increase the efficiency of the existing system.

These include: improving information technology to enhance the responsiveness of the system, reduce paperwork and improve program and policy planning; providing greater assistance to recipients to gain access to other sources of income to which they are entitled, such as Canada pension plan and child support systems; improving mechanisms for the prevention, detection and recovery of overpayments and fraud, including the greater use of direct deposit of benefits; and improving the effectiveness of the supports to employment program, which is designed to provide incentives to employment and remove barriers that prevent social assistance recipients from finding jobs.

These measures will be implemented within the government's continued commitment to the reform of social assistance.

Total savings to social assistance from these new measures will exceed $300 million in 1992-93, with additional savings expected in future years.

We are taking important steps in this budget to manage our health and social services more efficiently, but these cannot completely replace the revenue loss due to the recession and restraint on federal transfers. For every dollar in new taxes this year, we have found $4 in costs that we are avoiding through better management of government programs.

We are raising taxes in a way that shares the tax burden fairly. It is vital that the costs of public services be shared as fairly as possible among all of the people of Ontario.

As part of our commitment to providing broad public access to the budget process, we have ensured that the working groups of the Fair Tax Commission represent a diversity of communities and interests. In making my decisions on tax matters, I will continue to consider the analysis and options identified in the working group reports, and I appreciate the perspectives they provide.

We are increasing the Ontario personal income tax rate to 54.5% of basic federal tax for 1992 and to 55% per cent of basic federal tax in 1993 and subsequent years. While this is not an easy decision, the personal income tax is Ontario's fairest revenue source; more than any other tax, it is based on ability to pay.

To improve the fairness of the personal income tax system, we are reforming the Ontario surtax. At present the surtax is paid only by individuals with incomes above $84,000 a year. Beginning in July 1992, individuals earning more than $53,000 will pay a surtax at a rate of 14%. In 1993, the surtax rate for individuals with earnings above $69,000 will increase to 20%. In total, these personal income tax measures will raise $660 million in 1992-93.

These measures will ensure that tax increases are not borne by those with low or moderate incomes. Combined federal-Ontario personal income taxes for individuals earning less than $53,000 will be no higher in 1993 than they are now, as a result of this budget.

Perhaps I should remind members that at incomes over $53,000, that represents 10% of Ontario taxpayers; 90% of the taxpayers in this province will not be affected by the surtax whatsoever. I really do want to put in perspective that for a married couple with two children earning $60,000 a year, it will represent extra taxes of about $1 a week. I don't think that's too much to maintain essential services in this province.

It is also important that profitable corporations contribute to public services in a fair way. The Fair Tax Commission's working group on a corporate minimum tax estimated that in 1989 about 6,700 corporations reported book profits but paid little or no Ontario income tax.

This government recognizes that there are legitimate reasons why profits reported for accounting purposes may be higher than income reported for tax purposes. For example, companies are allowed to deduct dividends received from other corporations for tax purposes to avoid possible double taxation. In addition, the tax system allows companies to offset losses incurred in other years against income in the current year. This moderates the impact of the economic cycle on corporations. The government believes that these provisions of the tax system are fair and appropriate.

In recognition of the complexity of this issue and in response to the recommendations of the Fair Tax Commission working group for further analysis, I will be releasing a technical paper this fall. Following the release of the paper, the government will consult on its recommendations before legislation is introduced.

The technical paper will build on the work of the Fair Tax Commission working group in identifying an appropriate corporate minimum tax for Ontario. The design of the corporate minimum tax will be governed by the following principles: intercorporate dividends and equity income would be excluded in order to avoid double taxation; loss carryovers would be allowed; the corporate minimum tax would be sensitive to concerns regarding retroactive taxation; a carryover mechanism would ensure that any corporate minimum tax paid is creditable against regular income tax liability, and small businesses would be exempt in order to avoid increasing their compliance costs.

How Ontario's corporate tax burden compares with other jurisdictions will obviously be a factor in this government's approach as well. In this respect, it is worth repeating that Ontario's corporate tax system is competitive. It is clear, for example, that Ontario's payroll taxes compare favourably with competing jurisdictions. It is also worth recalling that the United States has a federal corporate minimum tax.

While corporate profits in Ontario have declined significantly throughout this recession, the banking industry as a whole has increased its profit level. Although banks already pay a significant amount of tax to the Ontario treasury, we are asking banks to contribute further since they are better able to sustain a tax increase at this time. Therefore we are imposing a temporary income tax of 10% that will automatically sunset on October 1, 1993.

We are increasing the capital tax rate on banks from 1% to 1.12%. In addition, an offsetting adjustment will be made to the capital tax base of bank mortgage subsidiaries to improve the fairness of the corporate tax system.

As noted in the recent federal budget, income tax revenues from the life insurance industry remain low despite the industry's high profits. As a result, the federal government is reviewing the taxation of life insurance companies with the industry, to ensure that they pay their fair share of federal tax. In consultation with the federal government, Ontario will also introduce legislation to ensure that life insurance companies pay their fair share of Ontario tax.

These measures are expected to raise $40 million on a full-year basis, and a lower amount after the temporary surtax is sunsetted in 1993.

While all employers pay employer health tax on behalf of their employees, self-employed individuals do not pay this tax on their own earnings. This inequity in the current law will be remedied.

Effective January 1, 1993, individuals earning more than $40,000 net self-employment income annually will be required to pay the employer health tax. This measure will generate $45 million on a full-year basis.

Every year the government receives many complaints about sales of used vehicles. For example, some buyers have had their vehicles repossessed because the seller failed to disclose outstanding liens.

To provide consumers with better information, sellers will be required to purchase a vehicle transfer package in order to conduct a private sale. This package will contain a vehicle description and history, including any liens, a fair market value of the vehicle based on an average wholesale price and other consumer information. This information package must be made available to the prospective buyer before ownership is transferred. This package will be required starting April 1, 1993, and will cost $20, raising $13 million in a full year.

As well, the government does not always receive the appropriate retail sales tax due on transfer of used vehicles. This is not fair to those who pay the full amount. Effective October 1, 1992, I am proposing to change the retail sales tax treatment of these transactions to ensure that the appropriate tax is paid. I expect this measure to increase sales tax revenues by $35 million in 1992-93, and $95 million in a full year.

This government is committed to the 3Rs: reduce, reuse and recycle. In support of the Minister of the Environment's waste management initiatives, I am expanding the environmental levy to apply to all non-refillable beverage alcohol containers, including beer cans. In addition, effective May 25, 1992, the levy will be increased to 10 cents per container.

Also effective May 25, the volume levy on beer will be increased by five cents. These changes will increase the price of 24 bottles of beer by 50 cents. The price of 24 cans will increase by $3.10. Together these changes will raise $85 million in 1992-93.

I want to bring the Legislature up to date on our fiscal situation and on our targets for the years ahead. 1991-92 proved to be a more difficult year than anticipated for working people, for businesses and for government. The recession was deeper and lasted longer than predicted.

While revenues were forecast to decline by 1% in the 1991 budget, preliminary results indicate they actually declined by 4.8%. The province faced almost $700 million in increased costs, including additional social assistance case loads due to the recession.

To meet these challenges, the government implemented reductions to ministry operating budgets as well as to specific operating and capital programs. As a result of these measures, total expenditures in 1991-92 were held $470 million below the original budget level. Despite all attempts by the government to meet our original $9.7-billion deficit target, the revenue shortfall was simply too substantial. The 1991-92 budgetary requirements will be $10.9 billion.

For 1992-93, provincial revenues will total $44.9 billion, which is $2.3 billion less than we had originally planned a year ago. This reflects the severe and adverse impact of the recession on provincial revenues.

To meet this revenue shortfall while maintaining public services, vigorous efforts to control costs will be essential. As a result of the measures announced in this budget, total capital and operating spending will be held to $54.8 billion in 1992-93, which is $1.3 billion below the target we set a year ago. This represents a 4.9% over last year's spending.

Ontario's operating deficit for 1992-93 will be $6 billion. Adding in capital spending of $3.9 billion, our budgetary requirements will be $9.9 billion. Despite continuing fiscal pressures, this level is $1 billion below that of last fiscal year.

As in last year's document, I am presenting a medium-term fiscal outlook extending to 1995-96.

We remain committed to the fiscal goals stated in the 1991 budget: to reduce the operating deficit steadily as the economy recovers; to reduce the operating deficit as a proportion of the gross domestic product and total revenue; to reduce the rate of expenditure growth, and to stabilize our debt servicing costs.

This year's medium-term fiscal outlook reflects the changes that I said earlier will be made to the province's capital financing arrangements. The outlook shows how we intend to work towards balancing the operating deficit by 1997 as we promised last year.

The operating deficit will decrease from $6 billion in 1992-93 to $1.9 billion in 1995-96. Taking into account capital expenditures, the government's budgetary requirements are projected to decrease from $9.9 billion in 1992-93 to $4.1 billion in 1995-96.

The real test of this outlook will be the commitment of the government to manage its expenditures. Revenue growth is largely linked to economic activity, but stronger economic growth alone will not eliminate the deficit.

Critics will call for more rapid declines in the deficit and I share that wish. But the government refuses to publish targets that could not be met without introducing extreme tax measures or arbitrary and disruptive cuts to vital public services. This outlook takes into account the severity of the recession and federal offloading, and it reflects the time needed to restructure our economy and our public services.

In conclusion, on the surface, budgets deal with dollars and cents -- economic forecasts and fiscal statements. But they are really about people.

This budget is about putting the men and women of Ontario back to work -- supporting some 90,000 jobs in 1992-93.

It is about people who have been out of work for a long time -- assisting up to 100,000 of them with jobs and training over the next three years.

It is about people who need affordable housing -- providing support for 20,000 new non-profit housing units and generating $2.1 billion in work for the construction industry in the years ahead.

This budget is about the people who build our communities and the capital works that form the foundation of our prosperity -- investing $3.9 billion in these lasting assets.

It is about people who live in the north, who rely on our natural resource industries -- about ensuring the communities not only survive but prosper in the future.

It is about farmers -- and maintaining the stability of our rural communities.

It is about the people who run businesses in Ontario -- and supporting them in the innovations and investments that will help shape our future.

It is about all the people who provide and use the many important services that our taxes pay for -- sustaining those services and finding new ways to manage programs better.

Under the strong and committed leadership of Premier Bob Rae, my colleagues and I formed a government 18 months ago with an agenda to serve people and to lead them. We have been tested by the forces of global change and domestic uncertainty. Yet we remain proud of our heritage and we stand firm in our willingness to extend the hand of partnership to all of those who seek to build on Ontario's great strengths.

We have made this a budget for Ontario and for all of the people who have made Ontario strong and who seek to build a better future for their children and their grandchildren. Let us go forward to build the Ontario that we want our grandchildren to inherit -- a strong and productive province within a united and prosperous Canada.