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| ***Province*** | ***Législature*** | ***Session*** | ***Type de discours*** | ***Date du discours*** | ***Locuteur*** | ***Fonction du locuteur*** | ***Parti politique*** |
| Ontario | 35e | 3e | Discours sur le budget | 5 mai 1994 | Floyd Laughren | Minister of Finance | Ontario New Democratic Party |

I rise to present the 1994 budget of the province of Ontario.

This budget marks another step in the government's plan to invest in jobs and preserve important services while bringing the deficit down.

This budget cuts taxes to encourage companies to hire new workers.

This budget expands our commitment to jobs. It moves forward with major highway and transit investments, it trains workers in new skills and it creates employment for our young people.

This budget reduces overall program spending for the second year in a row, while at the same time preserving our funding commitment to hospitals, schools, colleges, universities and municipalities.

This budget reduces the deficit for the second year in a row and keeps us on target to balance our operating budget by 1998.

And this budget contains no new taxes and no tax increases.

The government's plan is working. Jobs are being created. We are cutting taxes to create even more. Public services are being preserved and spending is under control. The deficit is down more than 30% from two years ago.

The plan reflects our confidence in Ontario, its people and its economic future.

Ontario's economy is getting stronger. Growth in 1993 was the best in four years, hitting 5.3% in the last quarter. Economic growth in Ontario is expected to lead the industrialized world between now and 1997. Last year close to 80,000 new jobs were created, and over the next three years there will be 350,000 more.

Ontario is getting a vote of confidence from business investors. Investment in machinery and equipment is expected to increase by over 10% to more than $21 billion this year.

Major investment plans have been announced across the province: $4 billion by the auto industry, $160 million by TransCanada PipeLines in North Bay and Kapuskasing, $76 million by Domtar in Cornwall, $41 million by Bombardier in Thunder Bay, $40 million by St Joseph Printing in Concord and $30 million by Dimona Aircraft in London.

Consumer confidence is growing too. At the end of 1993, confidence was at its highest level in more than four years. Home sales are up 30% this year and auto sales are up 22%.

And hot off the press, the Conference Board this morning released a report that shows that business confidence and consumer confidence are both at their highest level in the last five years. Ontario is on the move.

The economic upswing is being sustained by the underlying strength of this economy: Ontario's people and their education, their skills and their hard work.

The economic indicators are encouraging. But this government knows that statistics do not ease the pain and the frustration of people who want to work but cannot find a job.

That is why we are expanding our commitment to jobs and building new partnerships with employers and workers to create new opportunities.

In each of the last three years, through investment in infrastructure and training, this government and its partners have created and sustained an average of 145,000 jobs and this year we'll do even more, about 166,000 jobs.

The economy has been growing, but employment has been lagging. Small and medium-sized businesses, which are the biggest generator of jobs in the economy, have told us that payroll taxes can stand in the way of new hiring.

To address this concern, this budget cuts payroll taxes to provide a permanent incentive to companies to take on new workers.

Effective May 1, businesses that expand their payroll will not pay any additional employer health tax on their increased payroll for the first 12 months. That means businesses hiring additional new workers will not pay any payroll tax on those workers for their first year on the job.

This jobs incentive will provide employers with an extra competitive edge when they hire in Ontario. The message to employers is clear: The time to hire is now.

With this measure in place, Ontario's payroll taxes and employer-paid health benefits on new employees will be 29% lower than in Quebec and 49% lower than the average in the United States.

This jobs incentive is a $200-million investment this year and it will mean 12,000 new jobs in Ontario.

This government is supporting businesses that are creating jobs in the new economy. Many of Ontario's new high-quality jobs will come from companies that invest in research and development. When firms develop new products and services and successfully market them around the world, economic activity in Ontario increases and so does the number of jobs.

To encourage and support companies that invest in research and development, I am introducing an innovation tax credit. This tax credit will be refundable, to ensure that small and medium-sized firms, including startup companies, will benefit. It will provide $35 million in assistance each year. It will reduce the after-tax cost of R&D for these firms by 10%.

The government is increasing access to capital for small and medium-sized businesses. We will introduce legislation to remove barriers that discourage loan and trust companies and labour-sponsored investment funds from lending money to, and investing in, new businesses. We will also change the rules for co-ops to improve their capacity to obtain capital from their members and from non-members as well. We will work with financial institutions to develop a way to collect and publish information on the loans they provide, so we can determine which types of businesses are having difficulty getting access to capital. We hope that this information will help us to work in partnership with business and financial institutions to improve financing that creates jobs, and we call on the federal government and federally regulated banks to follow our lead.

We are building new partnerships within Ontario's leading sectors. Through the sector partnership fund, we are bringing together business, labour, customers and suppliers to develop new initiatives like the Food Technology Centre in Guelph and the Ontario Centre for Environmental Technology Advancement in Toronto. The Minister of Economic Development and Trade will provide more details.

We are expanding the green homes and green industries initiatives, which provide home owners and businesses with expert advice and assistance on how to reduce waste and save water and energy. These initiatives create new customers for Ontario firms that manufacture green products. Over 11,000 jobs will be generated over three years. The Minister of Environment and Energy will provide details on this new green initiative.

Our Jobs Ontario investment in highways, schools, hospitals, and water and sewer facilities have played an important role in creating jobs over the last three years. The new capital corporations are doing the business of government differently. They are forming partnerships with private firms to accelerate the pace and cut the cost of building infrastructure that Ontario will need as the economy moves into the next century.

Through the Ontario Transportation Capital Corp, the $1-billion Highway 407 will be completed by 1999. That's 16 years ahead of schedule. The 407, across the top of Metropolitan Toronto, will be one of the first all-electronic toll highways in the world. More than 20,000 jobs will be created over the next five years.

When construction is finished, a significant transportation bottleneck for our exporters and manufacturers will be eased, enhancing Ontario as a top spot for investment in the auto industry and other important sectors.

In Metro Toronto, construction will begin this year on new transit lines -- the first new subways to be built in 16 years. Ontario is committed to making four Metro lines and the Mississauga Transitway become a reality, creating 50,000 jobs in this province.

Through the newly created Ontario Clean Water Agency, the province is improving the way we build municipal water and sewer facilities. Our $350-million investment through Jobs Ontario Capital, coupled with our commitment of $405 million from our municipal partners, will fund more than 190 projects across the province, supporting 13,000 jobs over the next two years.

Through Jobs Ontario Capital, we are also joining with our municipal partners and the federal government in the national infrastructure program. This three-way partnership will create 37,000 jobs over the next two years.

We are continuing to support jobs in the housing industry as well through Jobs Ontario Homes. By the end of this year, we will be supporting 112,000 affordable non-profit homes, twice as many as in 1990. It's a record to be proud of.

We are assisting more people to own their own homes.

The government will establish a $50-million housing loan guarantee fund to help lower-income families buy homes through community-based initiatives. The province will guarantee second mortgages provided by private investors. This measure will assist individuals and families who can carry monthly mortgage payments but who do not have access to conventional financing. The Minister of Housing will provide further details.

This budget introduces legislation to extend the Ontario home ownership savings plan, as I promised in December. This program has helped more than 180,000 Ontarians buy their first home, and it will continue to help create jobs in the home-building industry.

The new economy, with its changing technologies and new types of work, requires renewed cooperation among labour, business and government to ensure that workers have the skills for the jobs that exist today and the jobs that will be created tomorrow.

The government will invest over $1 billion in training, adjustment and work experience this year. More than 370,000 Ontarians will benefit, and that's up 50% since 1990-91.

At a time when youth unemployment remains unacceptably high, this budget provides funds to assist nearly 90,000 young people to get valuable on-the-job experience and training this year. Over 23,000 of them will get jobs this summer through Jobs Ontario Summer Employment. Our investment in summer employment and training for young people this year is 40% higher than in 1990-91.

We are also creating jobs in partnership with communities through Jobs Ontario Community Action. Our investment of $65 million has resulted in commitments of double that amount from community economic development partners. We will invest a further $90 million this year.

Our plan includes a commitment to overhauling social programs to help unemployed people get back into the workforce. Over the past two years, this government has pioneered a model program that places the long-term unemployed and people on social assistance in private sector jobs that have a future, not short-term, make-work jobs.

Jobs Ontario Training has created 46,000 job opportunities in private companies. People who get jobs and training through this program receive a steady paycheque. The average wage is $21,000. That means those workers can provide for themselves and for their families, and the cost to taxpayers is much less than welfare. Jobs Ontario Training will save taxpayers at least $190 million in social assistance costs.

Helping low-income parents to participate in the workforce also means providing more of them with access to affordable child care. We have increased the number of subsidized child care spaces by 47% since 1990, bringing the total to more than 68,000 spaces this year.

This government is committed to ending welfare as we know it and replacing it with a program that helps people get jobs. This year we intend to move forward with Job Link, a key element of our reform strategy. This innovative program will build on the success of Jobs Ontario Training, and will increase the number of job placements and training opportunities available to social assistance recipients. It will provide job-search skills that help people find work.

The Minister of Community and Social Services will provide details of our plans. We are looking to the federal government to support these measures by providing Ontario's fair share from the special fund for innovations in provincial social assistance programs.

We know that government has to become more efficient, more innovative and more adaptable. By providing important services to workers and employers, governments support economic expansion. But those services must be provided at an affordable cost.

This government is turning around two huge organizations whose problems we inherited from previous governments: Ontario Hydro and the Workers' Compensation Board.

With the government's support, Ontario Hydro is going through one of the largest corporate restructurings in Canada's history so we can keep the cost of electricity under control. This year, rates are frozen and, for the rest of this decade, increases will be no higher than the rate of inflation.

We are also tackling the growth in the unfunded liability of the Workers' Compensation Board, another legacy of past governments. Our reforms will reduce the Workers' Compensation Board's projected unfunded liability by $18 billion over the next 20 years, while providing decent pensions for older injured workers. We are establishing a royal commission to help put the WCB on a secure footing for the future. Our reforms will provide security and justice for workers while holding the line on employers' costs, and that's good for the Ontario economy.

At the same time, this government is providing a competitive corporate tax system to attract new investment and create jobs. Ontario's corporate income tax rate for manufacturers is more than 4 percentage points below the US average.

To respond to concerns that new businesses have to spend too much time on government red tape, we are moving to implement the recommendations of a business advisory committee on ways to reduce the paperwork burden. By September 1, we will introduce one-stop registration for new businesses at locations across Ontario. Beginning in 1995, we will make it possible for businesses to use a single form to remit retail sales tax and employer health tax. By early 1996, we will include corporate income tax instalments in the single remittance process. These measures mean that Ontario's entrepreneurs can spend less time on paperwork and more time creating jobs.

Overall, this budget takes action to help put more Ontarians back to work. We are cutting taxes to create jobs. We are helping businesses that invest in research and development. We are building the highways and subways this province needs. We are supporting training for Ontario's workers. We are helping people get back to work. We are forging a new Ontario Hydro and a revitalized workers' compensation system. And we are keeping our corporate tax system competitive. These are essential parts of this government's plan.

An equally important part of our plan is ensuring that Ontario has affordable services that work. Ontarians do not want their government to slash services. They want services that work better and cost less.

Members will appreciate the fact now why I need a French college in my riding.

The social contract is helping to protect those services. With our public sector partners, we successfully realized savings of almost $2 billion last year. As a result, we avoided up to 40,000 layoffs of public sector employees.

A full and complete accounting of social contract savings is attached in budget paper C.

But the social contract is about much more than short-term savings. It is also about finding ways to provide services more effectively for the longer term. That process has begun in hospitals, in schools, in local government and throughout the public sector.

The social contract is providing a three-year window in which efficiencies can be implemented. When it ends, the $2 billion in annual savings cannot be built back into public sector budgets. We will work with our public sector partners to ensure that the necessary efficiencies are achieved.

Ontarians want to know that they can count on getting quality health care for themselves and their families. We are ensuring that medicare is preserved by making it affordable. During the 1980s, health care costs grew at an average rate of 11 per cent per year. Over the last three years, we have been able to provide quality health care services with no overall increase in spending.

One of the things we are doing to keep medicare affordable is introducing new health cards so that services go only to those who are entitled to them.

By controlling costs, we are able to allocate money where it is really needed, to areas like long-term care, cardiac care and cancer treatment.

Long-term care in communities is being expanded so that seniors and people with disabilities can live in their own homes as long as possible. This increased support means that through the home care program, for example, an extra 200,000 people are able to live independently. We are continuing to put additional resources into these programs, bringing community-based health care spending to almost $1 billion. That is an increase of over 50% from 1990-91.

Hospitals have cut waiting time for cardiac care by two-thirds since 1989 by establishing a network to match people who need care with available beds and services.

We have launched a $15-million cancer treatment and prevention strategy, which will virtually eliminate waiting lists for bone marrow transplants and increase availability of radiation machines and technicians.

In Windsor and in dozens of other centres across Ontario, services are being carefully planned for the community, bringing together hospitals and community-based services for greater efficiency and better service. Ontario's health care system is meeting the challenges, providing excellent care to all Ontarians on an equal basis.

Ontarians want to know as well that their children are getting a good education. This government has provided leadership in setting standards for our students and school systems, and in testing their progress against those standards. We have kept our funding commitments for Ontario's schools, and we are working with school boards so that more of the taxpayer's education dollar is spent in the classroom.

We are encouraging school boards to become less top-heavy. So far, 50 of the 172 school boards have decided to reduce the number of trustees.

Many boards have used provincial funding assistance to streamline operations, share facilities and reduce duplication in such areas as administration, purchasing, busing, libraries and computer networks.

The government is moving to provide greater fairness in the funding of our schools. We will introduce legislation so that non-residential assessment currently shared in a community will be divided more equitably among school boards. The new basis of sharing will be the number of pupils served by each board. This change will take effect in 1996 and will be phased in to allow school boards to plan their budgets.

The Royal Commission on Learning is consulting with Ontarians on the key issues facing our schools: how they are governed, what should be taught and who is accountable for educating our children. The royal commission's report this fall will pave the way for significant reforms to Ontario's education system.

Just as Ontarians want us to make public services more affordable, they also want government to be less wasteful and more efficient, and that's exactly what we are doing.

We are implementing a host of commonsense measures that cut costs in government. Some save millions, others save thousands, but they all add up to better value for tax dollars.

We are working with our employees and their representatives to identify savings. Through this joint process, for example, we are saving $500,000 in travel costs by making greater use of teleconference calls. And we are saving $2.2 million by replacing courier services with electronic mail and fax networks and using a new mail-coding system.

We are eliminating a million pieces of paper a year by improving internal accounting processes.

We have saved $42 million a year by cutting the number of ministries from 28 down to 20.

We have reduced the size of the Ontario public service by more than 4,500 positions, with almost no layoffs, and we expect to achieve our target of 5,000 this year.

In total, we have reduced the government's overhead costs by 16%, or $1.2 billion, in the last three years.

We are saving $350 million by managing social assistance better, cracking down on fraud and making sure benefits go to those in need.

This session, the government will ask members for speedy passage of legislation to make government work even better. We will introduce a bill that will change statutes and regulations to cut red tape, reduce costs to taxpayers and improve services to the public. And as more efficiencies are identified, we will bring forward changes each year.

The steps we have taken to control spending, to cut waste and duplication, and to find new ways to provide services more efficiently have allowed us to reduce the deficit and to keep it going down.

We are reducing government spending. Last year the cost of government programs fell -- for the first time since 1942. And this year our program spending will decline again.

Even after adjusting for differences in inflation, the growth in program spending under this government has been far lower than under both of our predecessors.

A year ago we said that with the support and commitment of Ontarians, we would bring the 1993-94 deficit below $10 billion. Today I can tell Ontarians that with your help, we have done exactly that. Last year's deficit came in at $9.4 billion. That's two tenths of 1% from what we projected in our 1993 budget.

This year, our deficit will be even lower, at $8.5 billion. That is a cut of more than 30% from two years ago.

Our revenue projection for this year, which is based on cautious assumptions, is still far from buoyant. In part, this reflects the fact that Ontarians are not getting their fair share from the federal government -- for social assistance, for training or for new immigrants.

We had hoped that the new federal government would restore Ontario's fair share of funding. But instead it has continued to shortchange this province, as did its predecessor.

Premier Rae has said clearly that we welcome the prospect of improvements in the efficiency and delivery of social programs and in the fiscal and practical arrangements between the two levels of government, but any such reform must reinforce, not undermine, Canada's record as a compassionate society. Reform must come about through genuine joint decision-making.

We have said repeatedly that reform must not be achieved by offloading costs to the provinces, and there must be an immediate end to discriminatory treatment against Ontario citizens.

The record in this area to date is far from encouraging. Ontario taxpayers are indeed getting shortchanged by Ottawa. Let me cite two examples.

In eight provinces, the federal government provides 50% of the cost of social assistance under the Canada assistance plan. But in Ontario, which was hit hardest by the recession, the federal government pays only 29%. This means, for example, that Quebec gets $3,300 for every social assistance recipient. Ontario gets $1,800 only. That one measure to deny Ontario its fair share will cost this province $1.7 billion this year.

It is the same story for training. Ontarians make up 38% of Canada's labour force, but we receive only 27% of available federal funds for training and adjustment.

Ontario had no choice but to cut our tobacco taxes when the federal government and Quebec made their deal to reduce taxes. That measure cost us another half-billion dollars in lost revenues.

Despite revenue shortfalls, we are preserving services in hospitals, in schools, in towns and cities across this province, and we are doing so without raising taxes.

We are bringing the deficit down in a balanced and responsible way. To reduce the deficit even more this year would slow the recovery and job creation and undermine the services Ontarians value.

This budget introduces measures to harmonize Ontario corporate income taxes with the federal Income Tax Act. All of the revenues from these new measures are being redirected to the job-creating tax cuts in this budget.

The measures we introduced a year ago put Ontario's finances on a course that will lead to a balanced operating budget in 1998. With the measures in this budget, we will stay on track to meet that target. By continuing to hold program spending growth below the rate of inflation, Ontario will achieve a balanced operating budget in 1998.

In summary, this is a budget that looks to the future with confidence. Under the courageous and compassionate leadership of Premier Bob Rae, this province is charting a strong and confident course. You can see that we are in as buoyant a mood as the economy is.

Jobs are being created -- 350,000 of them in the next three years. This government is expanding its commitment to jobs. We are cutting taxes to encourage employers to hire new workers. We are moving forward with major highway and transit investments and innovative job programs. We are supporting firms that are investing in Ontario and creating new markets around the world.

This government is providing affordable services that work. Vital public services, like education and medicare, are being preserved and improved.

This government is getting better value for tax dollars. Spending is under control and the deficit is down. We are on track to balance the operating budget in 1998.

There are no new taxes, and no tax increases.

The government's plan is working. We are building a stronger Ontario for today and tomorrow.

Thank you, Mr Speaker.