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| ***Province*** | ***Législature*** | ***Session*** | ***Type de discours*** | ***Date du discours*** | ***Locuteur*** | ***Fonction du locuteur*** | ***Parti politique*** |
| Ontario | 34e | 2e | Discours sur le budget | 17 mai 1989 | Robert Nixon | Treasurer and Minister of Economics | Ontario Liberal Party |

Ontario’s 1989 budget is an expression of the government’s determination to see its commitments met and its agenda for reform implemented.

Each of my previous budgets included substantial improvements to Ontario’s fiscal position. Continuing that policy, this budget produces the largest operating surplus in Ontario’s history, $2.6 billion.

By way of explanation, Mr Speaker, I know you are aware that this simply means that the operation of the government is fully covered by our tax revenues. That means the day to day operation and all of our transfer payments, with the exception of capital grants. The other part of the budget is for capital construction, and these are tangible assets -- university buildings, roads and bridges, environmental works. In this connection, I would say that the operating surplus of $2.6 billion all goes towards the payment of our capital requirements.

The deficit has been cut to $577 million, its lowest level in 15 years, and a reduction of $911 million from last year, which was, in turn, a reduction of $1 billion from the year previous.

The initiatives in this budget will keep Ontario competitive; launch major transportation investments; support a cleaner, healthier environment; reform Ontario’s social assistance; fund innovations in education, and restructure and refinance health care. These initiatives support the reform agenda set by the government under the leadership and vision of the Premier (Mr Peterson).

For six consecutive years, real growth in Ontario has exceeded four per cent, making the current economic expansion the longest and strongest since the 1960’s. In 1988, real output increased by 4.9 per cent, once again outpacing growth in the United States and Europe. Among major industrialized countries, only Japan recorded stronger growth.

In 1989, real output is expected to expand by 2.8 per cent, led by strong growth in business investment. Businesses intend to increase spending on plant and equipment by 11.7 per cent this year. Investment in the manufacturing sector will be particularly strong, with spending on machinery and equipment alone to reach $8 billion, an 18.7 per cent increase from 1988. With higher interest rates, consumers are expected to increase their savings and slow the pace of credit expansion. Income growth will contribute to solid but more moderate growth in spending and housing, consumer goods and services. With continuing job creation, the unemployment rate will average 5.2 per cent.

Faced with increasing international competition under the free trade agreement and a stronger European economic community, Ontario must secure and support its competitive position to keep the economy growing and to maintain our quality of life.

Now completing its third year, the Premier’s Council on technology has recommended measures to promote the development of new industrial processes and encourage the growth of innovative companies. This year, over $132 million will be provided through the $1-billion, 19-year technology fund to stimulate research, development and diffusion of new industrial technologies. Included in this amount is $47 million in tax support available through the research and development superallowance. Over $40 million will be allocated this year to Ontario’s centres of excellence to support research of an international calibre. The university research incentive fund will be extended to provide $25 million over the next three years in support of joint research by universities and industry.

The council has recommended that the government encourage venture capital investment. To support the growth of small and medium-sized companies, Ontario will establish the growth ventures program. Over the next five years, this program will provide up to $100 million in loan guarantees to venture capital companies investing in eligible businesses.

The council has also recommended that the government share risks with companies on the threshold of becoming multinationals. Risk-sharing support for emerging threshold firms will be provided, with extensive private sector involvement, under the guidance of the council.

Ontario’s ability to trade and compete in a global economy will be reinforced by initiatives to strengthen exports and build marketing skills. The province will commit an additional $10 million on a full-year basis for trade-related initiatives, including targeted marketing assistance and investment promotion in co-operation with Ontario’s trade offices abroad.

Steps will be taken to encourage companies to plan strategically for developments in the United States and in Europe and to penetrate Pacific Rim markets. The government will also provide financial support for research and strategic policy analysis of international trade and investment issues at the University of Toronto Centre for International Studies, which will complement the Ontario Centre for International Business at York University.

Industries require a skilled workforce to take advantage of the efficiency offered by new technologies. Ontario’s workers need updated skills to secure well-paying jobs and to cope in a world of technological change and industrial restructuring. There is a greater need to retrain and redeploy experienced workers as the number of young people entering the workforce declines. This budget provide additional funding of $10 million to address these labour market needs.

Negotiations with the federal government are under way for a cost-sharing program to provide extended income support to laid-off workers over 55 years of age. Ontario is prepared to commit up to $9 million for the first year of an agreement under the program for older worker adjustment. In the interim, the Ministry of Skills Development will extend eligibility for the Transitions program to provide retraining assistance to older workers upon notification of layoff.

The United Nations has declared next year International Year of Literacy. Ontario will increase funding for literacy programs by $5 million for 1990, raising the province’s spending on adult literacy to $55 million.

Post-secondary educational institutions play a key role in keeping Ontario competitive. As I announced in December, the government’s operating support for universities and colleges this year will increase by 7.5 per cent and 5.6 per cent respectively. These commitments stand in spite of the reductions in transfers for post-secondary education announced in the federal budget.

The Ontario student assistance program will provide $196 million this year to help students attend post-secondary institutions. This is an increase of 55 per cent since 1984-85.

During this fiscal year, $88 million will be provided to universities for enrolment growth through the accessibility envelope. For the next fiscal year and beyond, a more permanent approach to allocating university operating grants will be introduced. It will take into account recent enrolment growth and will include funding recognition for the flow-through of these students.

The 1988 budget announced a $440 million post-secondary capital program. The $110 million in provincial funding for 1990-91 projects -- that is, not this year but the next -- will be advanced during this fiscal year.

Junior exploration companies and individual prospectors play a vital role in the future of Ontario’s mining industry. In order to offset reduced federal support for mineral exploration, $5 million will be allocated to the Ontario prospectors’ assistance program, the Ontario mineral incentive program and other programs for these groups.

In addition, $34 million will be provided in the next two years to assist Ontario’s film industry, including assistance through the Ontario film investment program.

Ontario’s efficient system of roads, highways and transit is essential to the economy. Spending on the transportation system has increased by more than 30 per cent since 1984-85 and totalled $2 billion last year. However, sustained economic growth will require enriched funding to reduce transportation congestion and improve access to growing markets. The government is committing an additional $2 billion over five years to the new transportation capital program. This program will support highway capital projects, major municipal roads and transit projects and additional GO Transit services.

Included are improvements to northern Highways 69, 17 and 11, expansion of and accelerated construction on Highways 401, 403, 407 and 410, the Queen Elizabeth Way in the Niagara region and Highway 416 in eastern Ontario. Additional GO Transit service will be provided to Milton, Georgetown, Richmond Hill and Stouffville and service will be extended to Oshawa. A new ferry will be put in service to Pelee Island.

It takes a little time, but the money is there.

This program includes improved highway access to Mount Hope airport near Hamilton. Federal assistance will be sought in the financing of this project.

Well, they get more gas tax than we do. Why should they not pay? This government is prepared to share the cost of providing improved transit access to Pearson International Airport. Details of the project await the federal government’s plan for the airport.

To complement the provincial highway improvements, the transportation capital program includes $200 million over four years, beginning next year, for major municipal arterial roads and highway connecting links.

Provincial capital spending on municipal transit systems will increase by $44 million, or 29 per cent, to approximately $200 million this year. Specific projects include capacity improvements on the Yonge Street subway line, station upgrading at Yonge and Sheppard, ongoing construction of the Transitway in Ottawa-Carleton and the Harbourfront light rapid transit. Operating support for municipal transit will total $196 million this year.

The provision of public infrastructure frequently results in substantial benefits to specific groups in Ontario. Therefore, the province is adopting a strategy by which those who benefit significantly and directly from the provision of new public infrastructure will be required to make a greater contribution to the cost of that infrastructure.

In this connection, commercial property owners in the greater Toronto area -- that is, the municipalities in the regions of Halton, Durham, Peel, York and Metropolitan Toronto -- realize considerable economic benefit from provincial expenditures on infrastructure. These benefits include capital gains from land and building value increases, greater income from tenants who seek prime locations and ready access for customers, suppliers and employees who rely on an excellent transportation network.

Therefore, beginning in January 1990 owners of large commercial structures and associated parking with gross areas in excess of 200,000 square feet and all commercial parking lots and parking garages within the GTA will be required to pay a commercial concentration levy of $1 per square foot per year. This charge will be paid semiannually and will raise $62 million this year.

To provide additional funding for transportation projects across the province, the rate of tax on gasoline and diesel fuel will be increased immediately by one cent per litre. Effective 1 January 1990, the tax on gasoline will increase by one additional cent per litre. These and other road-related motor fuel measures will raise approximately $140 million this fiscal year.

Passenger motor vehicle registration fees will be increased from $54 to $66 in southern Ontario and from $27 to $33 in northern Ontario. To help meet the critical transportation infrastructure needs in the greater Toronto area, these fees will be increased by a further $24, for a total fee of $90 for residents in the greater Toronto area. These measures will raise $54 million in 1989-90.

This year, capital outlays by the Ministry of the Environment will increase by 40 per cent over last year, including a doubling to $46 million of advances for provincial water and sewage projects for municipalities. Total funding provided to the Ministry of the Environment will reach $528 million, an increase of 71 per cent since 1984-85.

To encourage leadership in the development of new technologies and industries to meet the demands of the industrial world in overcoming environmentally damaging production practices, the government will introduce a new environmental technologies program. Under the guidance of the Ontario Round Table on Environment and Economy, this program will assist companies in the research and development of environmentally sound production machinery and processes. Ontario will allocate $30 million for the environmental technologies program over the next five years.

The province will make available $300 million in loan guarantees under the loans for environmental defence initiative. This seven-year program will provide loan guarantees to eligible businesses installing vital pollution abatement equipment.

To help businesses achieve cleaner production processes while sustaining competitiveness, the Ontario corporate income tax current cost adjustment will be extended to include pollution control equipment at a cost of $3 million this year.

Since 1985, the Ministry of Energy has provided companies with grants to undertake research and develop energy-saving technology in their plants through the EnerSearch program. The government will commit $3 million to extend this program.

To support the government’s environmental programs, the following measures will be introduced. A tax of $5 will be charged on the purchase of each new tire. The tire tax will help fund efforts to support recycling and environmentally sound disposal.

A tax will be levied on new, fuel-inefficient cars. This tax will increase based on a car’s fuel inefficiency.

Pesticides and fertilizers will be subject to the retail sales tax. Those used in agricultural production, of course, will be exempt from this tax.

A disposal charge of five cents will be levied on the purchase of each liquor, wine or beer container for which there is no deposit or recycling system presently in place. This charge will help fund the province’s waste reduction and recycling initiatives.

These measures together will yield a total of $54 million this year.

The government has allocated $212 million to maintain and renew Ontario’s forests. Included in this figure is $15 million representing Ontario’s share of the Canada-Ontario forest resource development agreement.

In addition, pending results from efforts to negotiate an end to the federal softwood lumber export tax, Ontario will use its revenues from this tax to reinforce forest management in the province. The additional $18 million for forest management will bring total spending to $230 million this year, an increase of 50 per cent since 1984-85.

The fundamental principle of our health care system is to provide all Ontarians with universal access to quality health care.

Ministry of Health expenditures will total $13.9 billion this year, an increase of 10.7 per cent. As a share of total provincial spending, the Ministry of Health accounts for 33 per cent, up from 28 per cent a decade ago.

The Ministry of Health is concentrating its efforts on improving the quality, availability and efficiency of health services. As Treasurer, I am committed to securing adequate revenues to fund these services.

The Social Assistance Review Committee indicated that it believes the elimination of Ontario health insurance plan premiums “is essential and would greatly improve access to health care, particularly preventive health care, for many low-income people.” Premiums have been frozen since 1985 and premium assistance has been enriched annually. Premium revenue has fallen below 13 per cent of the total cost of health care.

Therefore, it is a special pleasure for me to announce to the House that OHIP premiums will be eliminated as of 1 January 1990.

Naturally, such good news is accompanied by certain tax adjustments.

The good news first. This is a $1-billion benefit to individuals and families in 1990. This is not a smoke and mirrors benefit. They will realize $550 million in premium savings -- for each family currently paying premiums, this amounts to a saving of $714 a year -- and $450 million in personal income tax reductions from the elimination of personal income tax on employees’ taxable benefits, which includes every person sitting in these seats.

Responsible budgeting requires that the financing of health care be on a solid foundation. The federal government has weakened that foundation by reducing its support for established programs financing by a total of approximately $3 billion over the past three years.

A new employer health levy will therefore be introduced 1 January 1990. The new charge will be 1.95 per cent of payroll. In recognition of their unique circumstances, employers with small payrolls will be given the advantage of a special half-rate levy. This measure will ensure that all employers contribute a share of the financing of health care, a more reasonable approach than the current patchwork that has many employers paying all premiums for their employees and others contributing nothing at all.

Historically, the funding for health care has been shared by people and business. Each realizes benefits from Ontario’s universal health care system. To maintain balance in the funding of health care, the rate of personal income tax will be increased by one percentage point beginning 1 January 1990.

At the same time, an additional 50,000 people will benefit from an enrichment to the Ontario tax reduction program. This means that in total, 365,000 low-income individuals who are liable for basic federal personal income tax will pay no Ontario personal income tax and 195,000 others will benefit from reduced personal income tax.

The government’s priorities for health care will emphasize community-based services and health promotion. The Premier’s Council on Health Strategy recently recommended health goals for Ontario. The government has adopted these goals in setting its agenda for health.

Funding for services including community mental health, public health, emergency health services and assistive devices will total $1.3 billion this year. This funding includes $349 million for home care assistance, an increase of $70 million or 25 per cent; $108 million for community mental health programs, an increase of 30 per cent; and an increase of 18 per cent for alcohol and drug dependency programs.

Provincial support for the operation of hospitals will increase by 8.3 per cent to $6 billion. This level of funding will address specialty care needs in areas such as cancer care, cardiovascular services, dialysis and maternal and infant health.

The Ministry of Health is working with hospitals to develop a new, equitable funding system that will enable hospitals to operate within their budgets. To promote better management, monitoring and planning of health care in Ontario, the Ministry of Health is implementing a new computer system over the next five years. Individual health service numbers and cards will be issued to all Ontarians.

Social assistance is one of the fastest growing areas of provincial spending. It has increased by an average of 12.6 per cent annually since 1984-85. Over the same period, benefit levels on average increased by 37.9 per cent in total.

Even though the Ontario economy is in its seventh year of growth, the number of social assistance beneficiaries has grown by 4.6 per cent each year, compared to 1.3 per cent for Ontario’s total population. Ontario now provides among the highest levels of social assistance benefits in Canada. For example, Ontario provides the highest level of benefits for single parents and disabled individuals. The government is committed to helping recipients attain greater economic self-sufficiency and therefore has decided to strengthen social assistance, in support of recommendations by the Social Assistance Review Committee.

The Ministry of Community and Social Services will implement changes that focus on improvements to benefits for families and children, and that will provide all recipients with greater opportunities for independence. These changes include increased benefits for children, redesigned and enriched shelter benefits, improved employment support programs, and removal of barriers which serve as disincentives to work.

In addition, social assistance benefits will be increased on average by six per cent on 1 January 1990.

With these measures, the government will increase support for social assistance recipients by $415 million on a full-year basis. This year, Ontario’s social assistance benefits will total $2.3 billion, an increase of 92 per cent since 1984-85.

These reforms represent a major economic as well as social investment. The Minister of Community and Social Services (Mr Sweeney) and I have agreed that during the implementation of the reforms, we will provide for an independent review of their effectiveness.

The elimination of OHIP premiums is a major benefit to low-income individuals and families. A family previously paying full premiums will realize an annual saving of $714.

In addition to these initiatives, I am announcing an increase in the minimum wage from $4.75 to $5 per hour, to take effect 1 October 1989.

In support of recommendations by the standing committee on finance and economic affairs, an additional $55 million this year will be provided to improve the quality of services in agencies providing visiting homemaker services, attendant care services, as well as services for young offenders, the developmentally handicapped and victims of family violence. This will be accomplished through adjustments to salaries and benefits for lower-paid staff in those social service agencies.

The Ontario home ownership savings plan, announced last year, attracted 30,000 depositors. Effective immediately, first-time home buyers eligible for OHOSP credits will be able to obtain a full refund of the land transfer tax for homes priced up to $150,000 and a partial refund for homes priced up to $200,000. On a full-year basis, this program will provide $10 million in refunds.

The $2 billion in Canada pension plan funds made available in the 1988 budget for the Homes Now program has been fully committed. To further assist the nonprofit sector with lower-cost mortgage financing, additional funds will be made available to bring the total commitment to $3 billion. A further $90 million will be provided annually to support the operation of the nonprofit housing units made possible by this lower-cost mortgage financing.

This budget’s infrastructure initiatives will greatly assist in accommodating growth by reducing impediments to the development of land for housing. In addition, the government is working closely with municipalities and the building industry to streamline the planning and development approval processes.

Reflecting the government’s many affordable housing initiatives, Ministry of Housing expenditures will reach $537 million in this year, an increase of 28 per cent over the past year.

The shelter subsidy program available to individuals and families receiving social assistance will be redesigned and enriched to provide additional assistance to those most in need.

The government is committed to assisting disabled citizens to participate fully in the economic and social activities of this province. Over the next two years, additional funding of $10 million will be made available for the Ontario home renewal program for disabled persons. As the members know, this program provides interest-free loans for special modifications to homes.

A five-year, $38-million initiative to provide disabled persons barrier-free access to all Ontario government buildings will be introduced. The budget also allocates an additional $5 million this year to fulfil the government’s commitment to improve transportation services for seniors and disabled people throughout the province.

I am announcing additional funding for a number of measures contained in the throne speech to provide safe and secure communities.

The extent to which illegal drugs have affected the lives of people was identified by the Task Force on Illegal Drug Use in Ontario, chaired by the member for Muskoka-Georgian Bay (Mr Black). An additional $37 million will be provided over two years for a wide range of activities, including community-based initiatives, drug abuse rehabilitation and increased law enforcement.

The government will allocate an additional $12 million to assist with reform of the court system and $10 million to fund security and other renovations of courthouses across the province.

Ontario’s contribution to the legal aid plan will be increased by 25 per cent to $123 million to ensure that low-income individuals have access to advice and legal representation. In addition, $2.5 million will be provided to expand the number of community legal aid clinics.

The government is responding to the recommendations of the Race Relations and Policing Task Force with $12 million over two years to promote racial equality in police employment practices and greater access to services, and to improve the relationship between police and the community.

The government will add $7.8 million to expand programs that prevent violence against women and children and to provide additional support to victims.

The throne speech contained significant measures to improve the quality of education in Ontario. This budget funds the first-year costs of initiatives that secure future opportunities for all our children and excellence in education from junior and senior kindergarten through secondary school.

Support for these programs will be phased in over five years, beginning in September 1990. Once fully implemented, up to $194 million per year in operating grants will be made available by the province. In addition, $100 million will be available for related capital projects.

A further $60 million in capital funding will be provided over a five-year period for the renewal of technological education in secondary schools. Funding will be available beginning in the next fiscal year.

The government is committed to ensuring equitable access to financial resources for the publicly funded school systems. Beginning in 1990, the local tax base will be shared equitably by all school boards in the same area. I hope the honourable members on all sides will recognize that this is a historic announcement, bringing fairness and equity to the financing of our public school systems. This initiative will be phased in over six years, at an annual cost to the province of up to $180 million when fully implemented.

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 has been extended to $1.2 billion over four years. Since 1984-85, more than $2.4 billion in school capital projects has been committed. To further accelerate school construction, $300 million in provincial funding for 1990-91 projects will be advanced this fiscal year.

I draw to the honourable members’ attention, which may not be necessary, that the funding here is advanced for the plan in 1990-91. We feel that the sooner we get the capital construction under way, the better we can meet the problems we are all aware of.

An additional $1 million will be provided to improve services to Ontario’s public libraries.

Transfer payments to the municipal sector this year will total $4.5 billion, an increase of eight per cent or $333 million over last year. Transfers to municipalities for social assistance for individuals and families in need will increase by 13.6 per cent. This increase includes additional assistance for the enriched benefits provided in response to the recommendations of the Social Assistance Review Committee report. Funding for transit facilities will increase by 16.6 per cent, for environmental services by 23.7 per cent and for child care services provided in day nurseries by 16.6 per cent.

The province advanced $413 million of this year’s unconditional grants entitlements to municipalities last year. This action provided a cash flow advantage to the municipalities.

Municipalities and school boards need more resources for schools, roads, sewers and other infrastructure to accommodate development. The government has completed extensive consultation on the green paper entitled Financing Growth-Related Capital Needs that explored a number of options for financing this infrastructure. The Minister of Municipal Affairs (Mr Eakins) will introduce the Development Charges Act, which will give municipalities and school boards the option of establishing lot levies for the local share of growth-related capital projects.

School boards currently raise capital funds from property taxes and debentures. In addition to the option of lot levies, school boards will be given the further option of borrowing up to $200 million in lower-cost Canada pension plan funds. They will also be encouraged to consider payments in kind and other innovative financing arrangements with developers. The Development Charges Act will provide a permissive legislative framework for municipalities’ front-end financing arrangements and will bring structure to existing lot levies.

With the government’s other initiatives in this area, these financing alternatives should reduce the impediments to approval of land for housing and ease the adjustment to rapid growth.

I would like to thank municipalities for their co-operation in holding lot levies constant during the consultation period. I would urge municipalities to consider the intent of the Development Charges Act in establishing their lot levy policies over the next few months.

Ontario’s agriculture industry continues to face a challenging economic environment. In addition to $220 million in sales and fuel tax rebates and exemptions, Ontario provides $524 million in support of the agricultural community in 1988-89.

Direct financial assistance to agriculture, including property tax rebates, low-interest loans and commodity price supports has more than doubled, in fact 110.8 per cent, from 1984-85 to 1988-89, and this year will total $239 million. A five-year, $55-million program to provide greater support for the red meat industry will be introduced. Assistance to new farmers under Farm-Start will increase to over $11 million. The farm property tax rebate program will be targeted to assist those engaged in full-time farming activities.

Other support to the agricultural community includes the balance of a $10-million contribution to a $40-million joint extension of the federal-provincial tobacco exit assistance program, and $29.5 million for programs in support of adjustments in the wine and grape industry.

In recognition of the importance of environmental protection, the government introduced the land stewardship/soil conservation program in 1987. This program provides technical and financial assistance to farmers for soil conservation. This year, funding for land conservation management will increase by $3.3 million to $12.3 million.

In recognition of the economic importance of Ontario’s cultural sector and its unique ability to foster creativity, this budget provides an additional $25 million to a variety of organizations and institutions that contribute to Ontario’s rich cultural environment. This funding will make possible the extension of TVOntario service in eastern Ontario; additional support for artists and art organizations through the Ontario Arts Council; greater support for international touring by the National Ballet and the Toronto Symphony; funding for the International Telecommunications Discovery Centre, and capital improvements to the Royal Ontario Museum, the McMichael Canadian Collection, the Royal Botanical Gardens and Science North.

The fully indexed pension benefits of our teachers and public servants are among the best in North America. However, expert reports have indicated serious shortcomings with the financing of their indexation benefits.

Legislation will be introduced to provide necessary financial reforms. One consolidated pension fund will be established for the teachers’ plan and a separate-consolidated pension fund will be established for the public service plan. To sustain future benefits, the government will increase its contribution by one percentage point. Public servants and teachers will be required to provide a matching contribution. Over the next 40 years, the government will pay for past deficits estimated to total $5.7 billion.

The plans will be permitted to invest in market securities and the contribution rate has been set on this basis. Benefit improvements brought about by Ontario’s recent pension reforms will be embodied in the legislation. This budget allocates funding to place the plans on a sound financial footing, finally.

The federal budget included reductions in federal support for health care and post-secondary education; deferral of the Canada child care bill; increased federal excise and sales taxes, increased personal income taxes and increased corporate taxes, and alterations to the unemployment insurance program. The negative fiscal impact on Ontario of the federal budget is estimated to be $560 million on a full-year basis.

The federal budget further reduces Canada’s commitment to the historic partnership which has supported health and post-secondary education. Previous reductions introduced by the federal government to established programs financing entitlements amounted to approximately $970 million last year and will be about $1.2 billion this fiscal year. With the latest changes, the federal share of these programs will be reduced from a high of 51 per cent in 1979-80 to less than 38 per cent now.

The federal government has also reduced by 50 per cent its commitment for regional economic development in Ontario.

Deferral of the Canada child care bill is disappointing, since the federal program would have implemented Ontario’s commitment to child care announced in the New Directions policy. However, the federal government will continue to share costs of child care programs under the Canada assistance plan.

The federal government’s announced intention to proceed with implementation of a new federal sales tax has significant implications for Ontario’s economy, social programs and fiscal position. It is important that the federal government continue to work with the provinces and the territories to minimize the duplication and confusion that it will create with the introduction of a new federal sales tax.

“Pay as you go” continues to be a fundamental principle guiding the government’s fiscal policy. This budget produces the highest operating surplus in Ontario’s history, which will fund 82 per cent of Ontario’s largest ever annual capital expenditure. I am pleased to report that Ontario will have an operating surplus of $2.6 billion and that the deficit has been reduced by $911 million this year to $577 million, the lowest level in 15 years.

The government’s record of fiscal management has been achieved through its determination to control spending while raising the necessary revenues to meet the needs of the people of Ontario. The province’s per capita spending remains lower than that of four other provinces.

Last year’s budget set a target of $500 million for in-year expenditure savings and constraints. I am pleased to report to the House that target has been achieved.

More than 75 per cent of increased expenditure requirements this year are dedicated to health care, education, housing and social services.

Additional revenue measures are described in budget paper A and include: changes to the land transfer tax, motive fuel taxation, driver’s licence fees, alcohol levies, water power rental rates and retail sales tax rebates on alternative fuel conversions and on vehicles for the disabled; introduction of unclaimed property legislation, which is interesting, and mining tax instalments, and application of a debt guarantee fee to Ontario Hydro.

The government is focusing its resources to support Ontario’s competitive position, while responding to the needs of those less able to help themselves. Sustainable and environmentally compatible economic growth is the key to improving the quality of life for all in Ontario.

This budget addresses the recommendations of the Social Assistance Review Committee. It substantially enriches benefits for children and their families and includes major increases to meet basic shelter needs. At the same time, individuals and families will be able to take advantage of new opportunities for independence embodied in the major reform of the social assistance system.

This budget keeps Ontario competitive, secures the financing of health care, reforms Ontario’s assistance to the socially and economically disadvantaged, provides for major transportation investments, supports a cleaner, healthier environment, and funds the introduction of education innovations.

This budget ensures the necessary revenues are in place to secure the future of Ontario’s essential services. This budget provides individuals and families with $1 billion in direct savings and lower taxes through the elimination of Ontario health insurance plan premiums.

All this is accomplished with Ontario’s future clearly in mind and with renewed dedication to Ontario’s policy of continued fiscal responsibility.