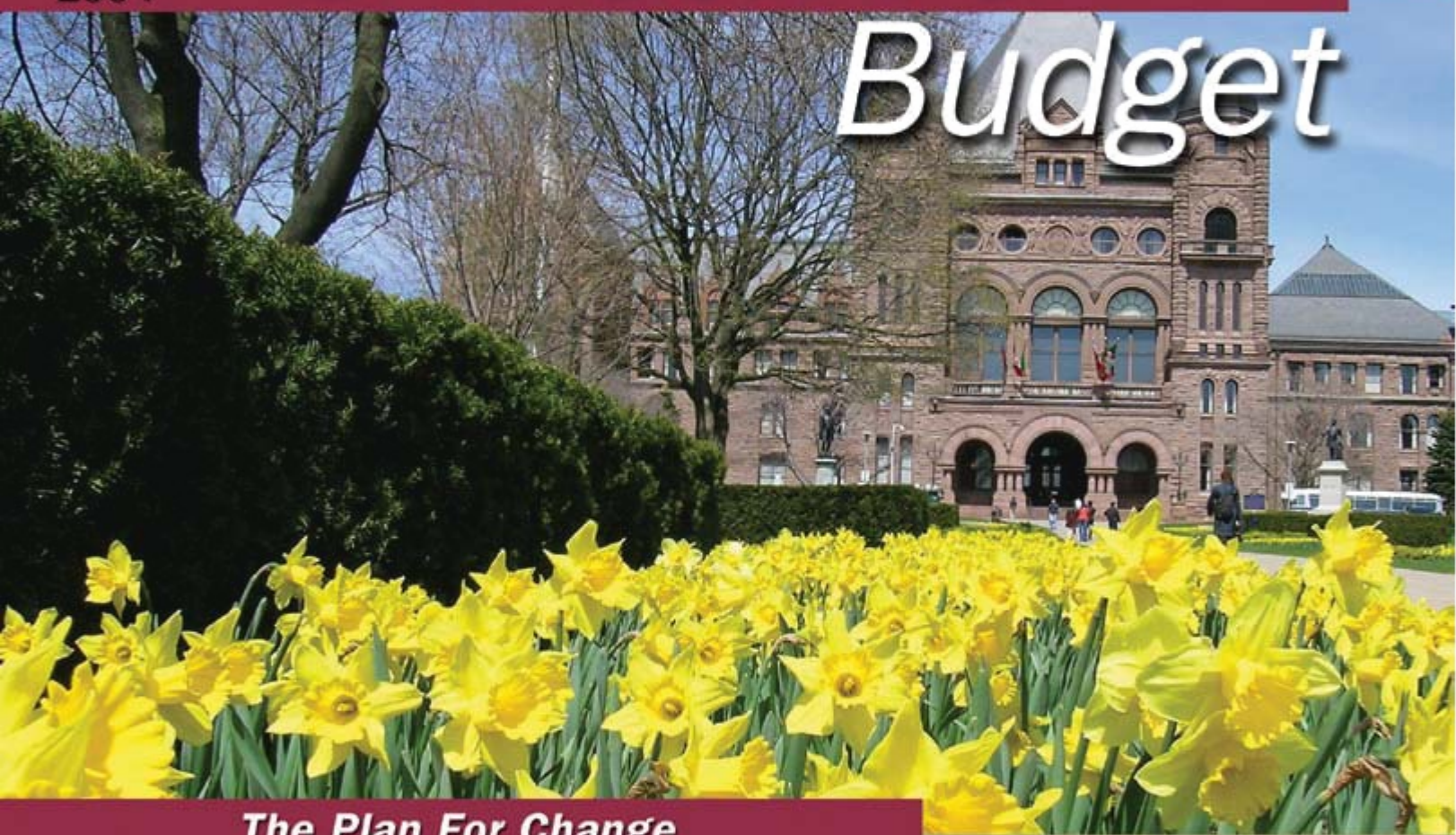




2004

Ontario

Budget



The Plan For Change

The Honourable Greg Sorbara
Minister of Finance

Budget Speech

2004 Ontario Budget

The Plan For Change

Budget Speech

The Honourable Greg Sorbara
Minister of Finance

Check Against Delivery

General inquiries regarding the *2004 Ontario Budget: Budget Speech* should be directed to:

Ministry of Finance Information Centre

Toll-free English & French inquiries 1-800-337-7222

Teletypewriter (TTY) 1-800-263-7776

For electronic copies of this document, visit our Web site at www.ontariobudget.fin.gov.on.ca

Printed copies are available from:

Publications Ontario

880 Bay Street, Toronto, Ontario M7A 1N8

Telephone: (416) 326-5300

Toll-free: 1-800-668-9938

TTY Toll-free: 1-800-268-7095

Web site: www.publications.gov.on.ca

Cover photo courtesy of Peter Spiro

© Queen's Printer for Ontario, 2004

ISBN 0-7794-6235-1

Ce document est disponible en français sous le titre :
Budget de l'Ontario 2004 – Exposé budgétaire



INTRODUCTION

Mr. Speaker, 14 years ago my friend and colleague Bob Nixon rose in this chamber to deliver a Budget. He was, until today, the last Liberal Finance Minister to do so.

And so it is with tremendous pride that I stand—as the Minister of Finance in Premier Dalton McGuinty’s new Liberal government—to present a Budget that sets out a comprehensive four-year plan—a plan for growth, prosperity, better health care and better education for our kids.

On October 2, the people of this province voted for change. Today, this government is delivering the Plan for Change.

Mr. Speaker, the problems that we inherited are well known.

A large fiscal deficit. Deterioration of our core public services.

Overcrowded classrooms and crumbling schools, a shortage of doctors and nurses, cities and towns struggling to deliver basic community services, and a steady decline in Ontario’s physical infrastructure.

These deficits are not our legacy—but they are our responsibility.

And we are assuming our responsibility to be prudent managers of the public purse.

We cancelled the private school tax credit, so we could invest in public schools. We cancelled a tax credit for some seniors, so we could improve services for all seniors.

We have said no to irresponsible tax cuts for some, so we can assume our responsibility to provide public services for all.

We introduced legislation to ban the waste of taxpayers’ dollars on partisan political advertising—and to give the provincial auditor the power to examine, not just government ministries, but also hospitals and school boards, colleges and universities.

This government said no to a pay hike for MPPs. And, with this Budget, this government accepts a pay cut for cabinet ministers under the *Balanced Budget Act*.

The 2004 Budget follows the most comprehensive public consultations ever conducted by an Ontario government.

- In December 2003, the government extended an unprecedented invitation to all members of the Ontario Public Service to contribute their ideas for improving services and getting better results for public money.
 - The Standing Committee on Finance and Economic Affairs held consultations in nine communities beginning February 2004.
 - Town hall sessions were held in eight communities across the province, beginning February 2004.
 - Ontario citizens in six cities took part in day-long sessions organized by Canadian Policy Research Networks in February and March 2004.
 - In February and March 2004, the Minister of Finance held 14 pre-budget discussions in 10 communities.
-

Mr. Speaker, our plan flatlines or reduces the operating budgets of 15 ministries—so we can make historic investments in Ontarians' most important priorities: health care and education.

Over the past many months, we consulted extensively with people across the province about Ontario's future. They spoke with clarity and passion.

They spoke about the need to transform health care, and the importance of education.

They spoke about building stronger communities and about helping Ontario's most vulnerable.

They spoke about having a comprehensive, multi-year plan that lays the foundation for economic sustainability and growth.

Mr. Speaker, this Budget speaks to people about their needs and aspirations.

We consulted extensively with people across the province about Ontario's future. They spoke with clarity and passion.

It is a Budget by Ontarians, about Ontarians, for Ontarians.

It is rooted in a fundamentally different approach. For the first time, a Government of Ontario is presenting a detailed four-year fiscal plan.

It's a plan to balance the budget and return the province to financial health.

It's a plan to invest in health and education to produce concrete results, including better access to primary health care, shorter wait times for critical services and smaller class sizes.

It's a plan to foster economic growth and innovation through investments in education, training, health and infrastructure.

Mr. Speaker, every Budget is about choices.

We have made two important choices that are especially difficult—to increase revenues and to balance the budget over a number of years.

They are choices that are inconsistent with our election commitments. We openly acknowledge that.

However, it would simply not be possible to deliver a balanced budget this year without destabilizing vital public services and perhaps even the economy itself.

Such an approach would be irresponsible and we reject it.

Likewise, Mr. Speaker, none of us can afford to believe any longer that the problems in our health care system—

From ever-longer waiting times...

To the lack of family doctors...

To deteriorating long-term care—

Can be solved without additional revenue.

Our plan is clear—it is to make Ontario a leader in economic growth, vital public services and quality of life. That plan calls for a responsible mix of investment, revenue generation, cost cutting and economic growth.

So, to shorten wait times, to provide more doctors and nurses, to deliver results for patients, we are proposing an Ontario Health Premium.

It would be based on income, and it would be dedicated entirely to health.

Mr. Speaker, our plan is clear—it is to make Ontario a leader in economic growth, vital public services and quality of life. That plan calls for a responsible mix of investment, revenue generation, cost cutting and economic growth.

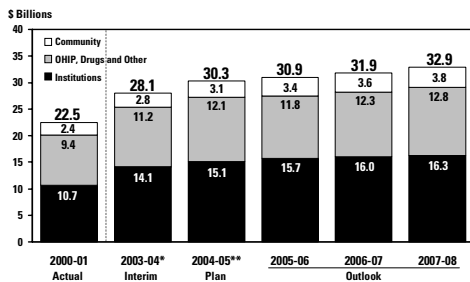
It calls for some difficult choices. We've made them, because they are the right choices.

Both the Romanow and Kirby reports have made important contributions to the ongoing discussion of health care sustainability in Canada. Both stressed the need to create a system where:

- Canadians have access to care 24 hours a day, 7 days a week, regardless of where they live;
 - the skills of diverse health care professionals are utilized to their fullest; and
 - the central focus of primary care is on preventing illness and injury.
-

Over the medium term, the government will invest in several key change strategies for the health care sector to keep Ontarians healthy and provide the high quality of services Ontarians expect.

Health Operating Spending



The health care system will be driven by the needs of patients and be evaluated on results, not just the amount of money spent.

The government will expand primary and community-based care to provide cost-effective alternatives to more expensive institutional care.

- Establish 150 multi-disciplinary Family Health Teams.
- Community health centres will enhance primary care delivery at 54 existing centres and the number of centres will be expanded over the government’s mandate.
- By 2007-08, enhancements to home care will provide an additional 95,700 Ontarians annually with care in their homes and provide end-of-life care to another 6,000 clients each year.
- Community mental health services will be expanded to serve an additional 78,600 patients annually by 2007-08 and include increased access to case management, crisis response and early intervention services.

BETTER HEALTH CARE

Mr. Speaker, we live in a province that has been a leader in publicly funded health care in the past. We need to be leaders again.

On the national stage, our Premier has been demonstrating tremendous leadership, working towards a new national health care deal.

But the health care needs of our people cannot wait. So we have been diligent in developing a four-year plan for better health care throughout the province.

It will shorten wait times.

It will focus on patients.

It will increase the number of doctors and nurses.

It will deliver results.

And it will have the resources it needs.

We live in a province that has been a leader in publicly funded health care in the past. We need to be leaders again.

I am announcing today that we will provide:

- An additional 36,000 cardiac procedures per year, by 2007-08;
- An additional 2,300 joint replacements each year, also by 2007-08;
- Beginning next year, we will be funding nine new MRI and CT sites; and
- An additional 9,000 cataract surgeries per year.

In study after study, year after year, we have been told that change in health care begins with primary care.

We are going to provide that care by creating Family Health Teams—doctors, nurses and nurse practitioners, working alongside other health care professionals, providing the best in around-the-clock health care.

For 2004-05, we will invest more than \$600 million to support, and reform, primary care in Ontario.

Over the next four years, we will establish 150 Family Health Teams around the province.

The 54 existing community health centres will receive an additional \$14 million in 2004-05, and we will expand the number of centres over the course of our mandate.

Our investments in primary care will ensure care—this year—for up to 167,000 Ontarians who cannot find a doctor.

In his landmark report on Canada’s health care system, Roy Romanow called home care “the next essential service.” We agree that home care is a critical component of our health care system.

Our plan will provide home care for an additional 95,700 Ontarians by 2007-08.

It will provide compassionate, end-of-life care to another 6,000 Ontarians, in their homes, by 2007-08.

Our investments in primary care will ensure care—this year—for up to 167,000 Ontarians who cannot find a doctor.

This expansion of home care will require an additional investment of \$88 million in 2004-05, rising to \$448 million over the course of our mandate.

Our seniors have made a unique investment in this province, Mr. Speaker.

So when they can no longer stay in their homes, they deserve long-term care that is the best care.

We will ensure the safety and dignity of our seniors with an additional investment of \$406 million in long-term care facilities, growing to \$546 million by 2007-08.

This will dramatically improve the quality of care for the thousands of Ontarians already in long-term care facilities.

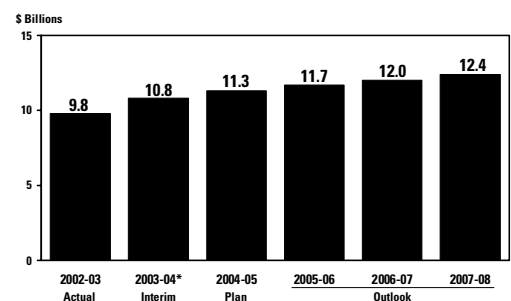
As my colleague George Smitherman, Minister of Health and Long-Term Care, announced last week, we will hire 2,000 new staff, including 600 nurses.

As well, in 2004-05, we will open an additional 3,760 long-term care beds.

While community-based care will play an increasingly important role in the health care system in the future, hospitals and other institutions will continue to play a significant role in delivering health care services. This Budget provides:

- a \$470 million increase this year in operating support for hospitals;
- a \$406 million increase this year for long-term care facilities including the costs of opening 3,760 additional beds;

Hospital Operating Funding



* Excludes costs of \$65 million for one-time special assistance to hospitals.

- \$60 million for bed lifts for hospitals and long-term care facilities;
- funding for hospitals, cancer centres and independent health facilities to expand services to reduce wait times for cardiac, cataract, and joint replacement surgeries, cancer treatment, and MRIs and CTs; and
- \$5 million this year to establish a Cancer Care Innovation Fund to promote new approaches that will reduce waiting times and improve access to cancer treatment.

Initiatives that support healthy living, illness prevention and health promotion are key to improving and maintaining the overall health of Ontarians. This Budget supports these important programs by:

- enhancing the public health system's capacity to better manage infectious disease control and increasing the share of public health costs covered by the Province from 50 per cent to 75 per cent by 2007;
 - providing \$156 million to add three new vaccines to the children's immunization program;
 - committing to provide a smoke-free environment in workplaces and public places within three years;
 - promoting healthy lifestyles, better medication management and, where appropriate, alternatives to drugs;
 - providing funding to the Advanced Coronary Treatment Foundation to train high school students in the use of CPR;
 - increasing funding for the Aboriginal Healing and Wellness Strategy;
 - helping children from lower-income families arrive in class ready to learn by providing school-based breakfast programs; and
 - promoting, through Active 2010, increased participation in sports and physical activity, particularly for children, youth and low-income individuals.
-

Too many Ontarians suffer from mental health problems. And far too many suffer alone.

Our four-year plan provides community-based mental health services to an additional 78,600 Ontarians.

While improving community care, Mr. Speaker, we know that there will always be a need for the high-quality care provided in a hospital.

Hospitals have asked for multi-year funding so they can plan for the long-term needs of their communities.

They will receive increases that average 3.4 per cent between 2003-04 and 2007-08.

By putting more resources into community and home care, and by focusing more on prevention, we will enable hospitals to focus on those with acute needs.

Like most health care systems, ours is much better at treating illnesses than preventing them. We want to shift the focus to healthy living and illness prevention. This is the very best way to lower the cost curves for health care.

Mr. Speaker, like most health care systems, ours is much better at treating illnesses than preventing them. We want to shift the focus to healthy living and illness prevention. This is the very best way to lower the cost curves for health care.

We will provide free vaccinations to children for chickenpox, meningitis and pneumonia.

We will introduce legislation that would make all workplaces and public places smoke-free by 2007.

Mr. Speaker, we know there are illnesses we must prevent.

And in the wake of SARS and West Nile disease, we know that there may well be other diseases out there that we haven't heard of yet.

Therefore, Mr. Speaker, our investment in public health will increase immediately—to \$273 million in 2004-05, growing to \$469 million by 2007-08.

Today, public health costs are equally shared by the Province and municipalities.

Our plan increases the Province's share of public health funding to 75 per cent by 2007.

We are acting, as well, to ensure we have the doctors and nurses we need.

By 2007-08, the number of assessment and training positions for international medical graduates will double. So will the number of clinical education spaces for nurse practitioners.

Over the next four years, we will create 8,000 full-time nursing positions.

And to protect nurses on the job today from injury, we will purchase 12,000 bed lifts for hospitals and long-term care facilities this year.

But most importantly, we will treat our nurses, and all health care practitioners, with respect.

We will treat our nurses, and all health care practitioners, with respect.

Mr. Speaker, the initiatives I have announced today signal a substantial reorientation of health care towards a patient-focused, results-driven system that is sustainable.

There will be more hospital beds available sooner for important procedures, because more patients will be treated in home and community care.

Changing the system will shorten wait times.

So will the new investments I announced for those procedures Ontarians want and need the most.

More doctors and nurses, better primary care, shorter wait times—that adds up to healthier Ontarians.

But getting there is not going to be easy.

Today, 45 per cent of Provincial program spending goes to the Ministry of Health and Long-Term Care.

The government is implementing a comprehensive health human resource strategy designed to increase the supply of highly trained health care professionals by:

- increasing the number of full-time nursing positions by 8,000 over four years;
 - supporting nurses who mentor nurse trainees;
 - doubling the number of clinical education positions for nurse practitioners to 150;
 - more than doubling the number of opportunities for international medical graduates to 200;
 - improving working conditions for nurses and preventing workplace injuries by purchasing 12,000 bed lifts; and
 - creating a Nursing Faculty Fund to increase the number of postgraduate trained nurses.
-

A key reform for Ontario's health care system is the reduction of wait times for critical health services. This Budget will:

- fund additional cataract surgeries, new MRI/CT sites, and increase the number of cardiac procedures, joint replacements, organ transplants and dialysis treatments;
 - improve wait time information by updating the cardiac and cancer radiation registries this year, and in 2005-06, tracking information on hip- and knee-joint replacements; and
 - provide \$1 million this year towards establishment of an Ontario Health Quality Council, which will report annually to the public on how Ontario's health care system is working.
-

For the past five years, the health care budget in Ontario has grown by an average of eight per cent per year.

We must begin to bring these cost increases under control.

To improve cancer care and cardiac care, home care and long-term care, we have to de-list less critical services.

Beginning this fall, the Province will no longer cover the cost of routine optometry examinations—except for seniors and Ontarians under the age of 20.

We will no longer cover chiropractic and physiotherapy services—although seniors will continue to receive physiotherapy through home care and long-term care facilities.

These were not easy choices, but we believe they were responsible choices.

And Mr. Speaker, the most difficult, and most responsible, choice of all is to ask Ontarians to pay an Ontario Health Premium.

In short, every cent from this premium would be invested in health. Every cent from this premium would be used to provide better results in health care.

Mr. Speaker, you know and I know: this is something we promised not to do.

But in the context of the deficit...

To keep our promise to improve health care...

To serve a growing and aging population...

When wait times are too long, and the pressure on public health is greater than ever before...

It is the right thing to do.

It is the fairest way to fund the necessary investment.

The Premium would be based on income. People with the lowest incomes would pay nothing at all. Our very highest earners would pay \$900 a year.

A family with two children and a combined income of \$60,000 would pay \$50 a month.

That does represent an additional cost for Ontario families, who work hard to make ends meet.

We do not minimize the significance of that cost.

But we did weigh it against the greater burden caused by a long wait for cardiac or cancer care, and the endless search for a family doctor—and the incredible burden that would be placed on our children if we do not sustain medicare for future generations.

Ontarians would begin paying the premium as of July 1, 2004. For fiscal-year 2004-05, it would generate \$1.6 billion, which would partially offset the \$2.4 billion increase in what we're spending on health.

In short, every cent from this premium would be invested in health.

Every cent from this premium would be used to provide better results in health care.

Ontario Health Premium	
Taxable Income	Fully Implemented
up to \$20,000	\$0
\$20,000 - \$36,000	\$300
\$36,000 - \$48,000	\$450
\$48,000 - \$72,000	\$600
\$72,000 - \$200,000	\$750
more than \$200,000	\$900

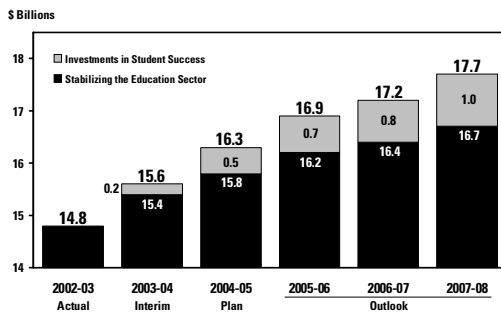
Premiums for 2004 would be half the amounts for 2005.

Some other provinces also charge health premiums. In British Columbia, a single individual pays \$648 per year. A family of two pays \$1,152, and a family of three or more pays \$1,296.

In Alberta, a single individual pays \$528 per year, and a family of two or more pays \$1,056.

To ensure that sufficient resources are available to support ongoing improvements in student achievement, Ontario will make substantial investments in student success over the next four years.

Grants for Student Needs (GSN) (School-Year Basis)



SUCCESS FOR STUDENTS

Mr. Speaker, when Ontarians chose change, they certainly had public education in mind.

Today, too many of our sons and daughters are struggling to succeed in school, and far too many are dropping out of high school, or failing to continue their education in a college or university, job placement or apprenticeship program.

We don't consider that even remotely acceptable.

The Budget we are presenting today includes historic new investments in education within a four-year plan. These investments are being directed with one overriding result in mind—better student achievement.

We will phase in a cap of 20 children per class, from JK through to Grade 3, over four years.

Judging from the results of province-wide tests, given in Grades 3 and 6, only about half of our students are meeting the provincial standard in reading, writing and math.

Our plan for public education sets a very ambitious target of 75 per cent in our first mandate.

How will we get there?

We'll start with smaller class sizes in the important early grades.

We will phase in a cap of 20 children per class, from JK through to Grade 3, over four years.

Smaller class sizes translate into more teachers. I am announcing today that we are funding training spaces for 1,000 additional new teachers in 2005-06.

This will ensure that we have enough teachers to implement our reforms.

We will place a lead teacher in literacy and one for numeracy in every elementary school, to encourage the use of effective teaching techniques.

This will require the training of 4,000 new lead teachers—doubling to 8,000 the number of specialists trained in best practices.

We will establish a literacy and numeracy secretariat to ensure schools, teachers and, most importantly, students are getting the supports they need when they need them.

We will send turnaround teams of experts into struggling schools—increasing from 42 to more than 100 the number of schools that receive extra support.

We will be investing substantially in school repairs, textbooks and other resources. My colleague Gerard Kennedy, Minister of Education, will announce details on this in the near future.

Mr. Speaker, the Premier has three new R's for education in Ontario:

Results, which we will deliver.

Respect. Our partners in education deserve nothing less.

And responsibility. Our responsibility, as a government, is to provide the necessary resources to achieve better results.

Over the course of the next four years, our plan will make public education the best education—helping our students achieve their true potential.

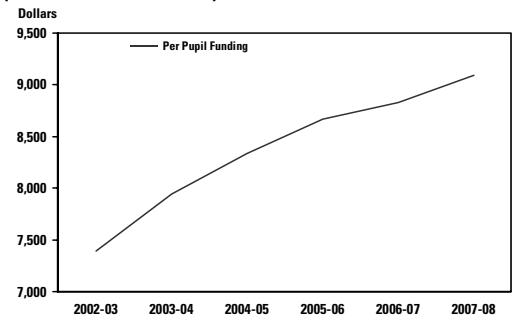
That's why, Mr. Speaker, we will be investing an additional \$2.1 billion over the next four years in our schools. By 2007-08, we will have increased per-student funding by more than \$1,100.

Mr. Speaker, over the course of the next four years, our plan will make public education the best education—helping our students achieve their true potential.

And that is the most important thing we can do to ensure Ontario reaches its full potential.

Under the government's plan, per-student funding increases significantly by 2007-08.

**Grants for Student Needs
(School-Year Basis)**



STRONG COMMUNITIES

Mr. Speaker, the strength of our province depends on the strength of our communities—from our smallest rural communities to our biggest cities.

Never before have our municipalities faced so many challenges, from gridlock to soaring public health costs.

Our four-year plan will help them meet those challenges, improving the quality of life for Ontarians, wherever they live.

Starting in October, we will begin to deliver on our commitment to make two cents of the existing provincial gas tax available for public transit.

We will begin with one cent this October, increasing to one and a half cents in October 2005 and two cents in October 2006.

Our biggest cities play a critical role in our economy—and no city plays a bigger role in our shared prosperity than Toronto.

Starting in October, we will begin to deliver on our commitment to make two cents of the existing provincial gas tax available for public transit.

That's why Premier McGuinty recently signed an historic agreement with the Government of Canada and the City of Toronto to invest more than \$1 billion in transit expansion and renewal over the next five years.

That includes an environmental assessment for a possible new subway line to York University.

This government is also proud to be working with the federal government and Greater Toronto Area municipalities to invest \$1 billion in improving GO Transit.

We will introduce legislation to create a Greater Toronto Transportation Authority that would ensure a more seamless transportation system.

We have announced plans with the federal government and the City of Ottawa to provide a total of \$600 million in support of the O-Train.

To support stronger communities, the Province will:

- dedicate two cents of the existing provincial gas tax to municipalities for public transit, beginning with one cent in October 2004, increasing to 1.5 cents in October 2005 and two cents in October 2006;
 - increase the Provincial share of public health funding from 50 per cent to 75 per cent by 2007;
 - commit \$1 billion of joint funding with the federal government and the City of Toronto for the TTC;
 - commit \$1 billion of joint funding with the federal government and municipalities for GO Transit;
 - introduce legislation to create a new Greater Toronto Transportation Authority;
 - invest in transit for Ottawa and the Region of Waterloo;
 - introduce legislation to enshrine the Association of Municipalities of Ontario Memorandum of Understanding;
 - work with the federal government to ensure that municipalities have a seat at the table of national change; and
 - work with the municipal sector on development of a growth management plan, infrastructure planning and financing, and achieving the 60 per cent waste-diversion target.
-

As well, we have announced plans with the federal government and the Region of Waterloo for a light rapid transit project in that area.

We will, this year, release the first-ever Growth Management Plan for the Golden Horseshoe, to encourage development that makes sense, while stopping sprawl that cannot be sustained.

The Premier will soon appoint a provincial facilitator to assist the industry and stakeholders on issues that arise as we implement the growth management plan.

As I have already mentioned, we are increasing the Province's share of public health costs, from 50 to 75 per cent over three years, uploading \$127 million from the budgets of municipalities by 2007.

Premier McGuinty has asked my colleague, John Gerretsen, Minister of Municipal Affairs and Housing, to build on these initiatives through a dialogue with municipalities, taking into account their various needs and capacities.

What will emerge, Mr. Speaker, is a new and even stronger partnership—one that will provide municipalities with the tools they need to give Ontarians the quality of life they deserve.

Stronger agricultural communities

We must never forget, Mr. Speaker, the men and women who work Ontario's farms; who spend their days producing much of the food that feeds our families, and help fuel our economy.

Late last year, we signed an agreement with the federal government to implement the Agricultural Policy Framework, securing long-term funding to help Ontario's farmers.

This government will provide farmers with \$20 million over the next two years to help them implement the first part of the nutrient management initiative.

Last month my colleague, Steve Peters, Minister of Agriculture and Food, announced an exemption from the land transfer tax for farms that transfer ownership between members of the same family.

This removes an obstacle to passing on the farming tradition from generation to generation, a tradition that is a vital part of this province's heritage.

Canada and Ontario are working together on innovative and collaborative provision of public services.

Agriculture

- Potential \$990 million under the Agricultural Policy Framework for insurance against crop failures and low commodity prices.
- \$141 million for environmental safety, food safety and quality, science and innovation and sector renewal.

Infrastructure

- \$1 billion of joint funding for the TTC.
- Windsor Gateway Action Plan.
- \$168 million Strategic Highways Infrastructure Program.

Healthier Ontarians

- \$778 million CHST top-up funding.
- \$330 million in funding for SARS costs.
- \$116 million for vaccines.

Supporting the vulnerable

- Labour Market Agreement for Persons with Disabilities.
- 2,300 new affordable housing units.

Joint Service Delivery Strategy

- Co-ordinated emergency management systems.
 - Improved electronic service delivery, including a collaborative seniors portal.
 - Improved immigration services.
 - Integrated labour market program.
 - Integrated inspections for workplace health and safety, environmental assessment and food safety.
-

The government's Northern Prosperity Plan involves a range of targeted initiatives that will:

- help attract outside investment;
- improve opportunities for entrepreneurs already living in the North; and
- invest in the infrastructure of northern communities.

For 2004-05, the government will:

- move forward with \$135 million in community infrastructure initiatives through the Northern Ontario Heritage Fund;
 - propose a Northern Ontario Grow Bonds pilot project;
 - dedicate \$10 million to support the new Government of Ontario (GO) North Investor program; and
 - consult on Provincial Land Tax reform.
-

As well, we will introduce legislation to simplify the process for farmers to obtain retail sales tax exemptions on farm-related supplies and equipment.

To improve food safety and boost business and consumer confidence, we have hired 118 meat inspectors and commissioned a review of the province's meat-inspection system.

I am also announcing that this government will provide farmers with \$20 million over the next two years to help them implement the first part of the nutrient management initiative.

And finally, our government will consult with rural residents and stakeholders to better understand the unique priorities of rural communities across the province. We have a responsibility to make the changes that are needed to ensure that these communities enjoy improved prosperity, environmental well-being and a greater quality of life.

Prosperity in the North

Mr. Speaker, ours is a vast province, and 90 per cent of it is Northern Ontario.

My northern caucus colleagues are fond of reminding me it is the top 90 per cent.

Unfortunately, the extraordinary potential of the North remains largely untapped.

Our government is committed to enacting a Northern Prosperity Plan, to help northern communities attract and retain investment and jobs.

Our government is committed to enacting a Northern Prosperity Plan, to help northern communities attract and retain investment and jobs.

We will move forward this year to establish a Northern Ontario Grow Bonds program that would help new and expanding businesses in northern communities.

I am particularly excited about our GO North initiative, designed to market the North's inherent strengths across the continent and around the world.

And finally, recognizing the importance of maintaining tax support for northern resource companies, we propose not to parallel federal changes to the resource allowance.

Northern Ontario is a region of boundless potential. The people who live there ask no more than to be given the opportunity to realize that potential. Our government will help make that happen.

Helping the most vulnerable

Mr. Speaker, during the course of our pre-budget consultations, Ontarians sent us very compelling messages. One of the most compelling was this:

Whatever challenges the province faces, we must not forget the challenges faced by the most vulnerable.

I heard that message loud and clear. So did every member of the Ontario Liberal caucus.

We will work with the federal government and municipalities to increase the number of affordable housing units in Ontario, with a particular focus on appropriate housing for persons suffering from mental illness, victims of domestic violence and the working poor.

And so, today, I am pleased to make a long-overdue announcement.

Social assistance recipients will receive an additional \$106 million annually. This will reflect a three per cent increase to the basic allowance and maximum shelter allowance for recipients of the Ontario Disability Support Program and Ontario Works.

My colleague, Sandra Pupatello, Minister of Community and Social Services, will announce details around the implementation of this increase in the very near future.

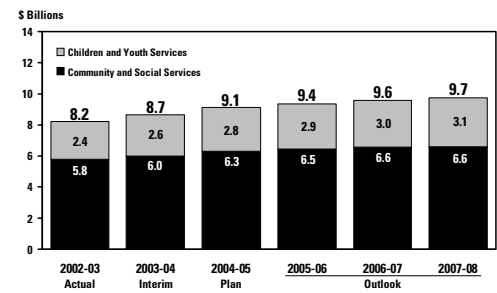
Mr. Speaker, this is the first increase in these programs in 11 years.

I am also announcing that social assistance benefits will not be reduced this year to take into account the federal government's July 1 increase to the National Child Benefit Supplement. This will mean that this fiscal year, there will be an extra \$7 million for parents who need it most.

Housing, Mr. Speaker, is a basic human need—and the need is greatest for the most vulnerable among us.

The government will move to revitalize the social services sector and provide effective and co-ordinated supports to Ontario's children, families and vulnerable people.

Social Services Operating Spending



Funding for the social services sector, which includes the Ministries of Children and Youth Services and Community and Social Services, will increase by over \$1 billion by 2007-08 from the 2003-04 level.

The government has made a strong commitment to help protect women and children from domestic violence. In this Budget there is:

- a \$3 million increase in operating funds for women's shelters and counselling agencies;
- additional capital funding of \$8 million in 2004-05 for the expansion of women's shelters;
- \$3.5 million annually to provide supports for women and children in second-stage housing;
- \$4.9 million over four years for a public education and awareness campaign; and
- funding for training of police officers, Crown attorneys and others working in the justice system to better assess risk in abusive situations.

We will work with the federal government and municipalities to increase the number of affordable housing units in Ontario, with a particular focus on appropriate housing for persons suffering from mental illness, victims of domestic violence and the working poor.

We have already committed \$8 million in support for victims of domestic violence—and \$28 million over the next three years, to create new housing spaces for people with developmental disabilities.

I am announcing today an additional \$25 million for children's mental health programs for 2004-05, growing to \$38 million in 2005-06.

This funding, Mr. Speaker, will help an additional 7,000 children each year.

Children's Treatment Centres help parents obtain and co-ordinate a range of services for children with disabilities.

A \$24 million capital investment over four years will allow them to better focus on this critically important work.

Mr. Speaker, this government is committed to giving children in Ontario the best possible start in life by increasing the quality and quantity of child care in Ontario.

I am announcing today that we will work with our municipal partners to create an additional 4,000 subsidized day-care spaces.

These will be provided as part of the Federal-Provincial Framework on Early Learning and Child Care.

Mr. Speaker, thousands of Ontario seniors struggle to make ends meet—particularly those living on fixed incomes, with no easy way to adjust to even a small increase in the cost of living.

We're going to help. We are proposing to increase the property tax credit for seniors with low and moderately low incomes by \$125. That is the first such increase since 1992.

A NEW GENERATION OF ECONOMIC GROWTH

Mr. Speaker, none of the results that we hope to achieve with this Budget will be possible unless we lay the groundwork for renewed growth of the Ontario economy. That must be the primary objective of every Budget.

Our goals are lofty. We are determined to make Ontario the North American leader in economic growth and innovation.

- We're going to do it with a fiscal policy agenda designed to eliminate the deficit over our first mandate;
- We're going to do it with a competitive tax system that provides the revenue necessary to fund sustainable public services;
- We're going to do it with a well-managed, efficient government;
- And we're going to do it by revitalizing our infrastructure, rebuilding our electricity sector, and by maintaining a high standard of public services.

Our plans for health care and education are as important to the economy as they are to the men, women and children who will benefit directly from them.

Just as our health care system gives our businesses a competitive advantage, so too does public education give our workers a critical edge.

We don't always think of health care as an economic driver, but I can tell you our auto manufacturers do. Their labour costs are 30 per cent lower than those of their competitors south of the border, and our public health care system is a big part of that.

And just as our health care system gives our businesses a competitive advantage, so too does public education give our workers a critical edge.

Our plan for public education will create a system that will teach our children the skills they're going to need, in a world where prosperity and growth are driven by knowledge.

Post-secondary education

But building a high-skill, high-wage economy requires more than excellent public schools—it requires higher learning that is second to none.

Innovation derived from scientific research is important for Ontario's economic growth. To help commercialize publicly funded scientific research and development, the government will:

- provide \$27 million to help universities, colleges and hospitals identify discoveries with commercial potential; and
- provide up to \$36 million to help these institutions establish pools of seed capital to commercialize promising technology.

Competing for investment and promoting exports requires Ontario to support its firms internationally. The government will:

- create a market diversification advisory council and open additional international marketing centres.
-

To that end, I am pleased to announce that former premier Bob Rae has agreed to conduct a comprehensive review of post-secondary education in Ontario.

His mandate will be to recommend how we can best provide Ontarians with a high-quality, accountable, affordable system of post-secondary education—one that gives Ontarians the opportunity to achieve their full potential, regardless of income.

While we await the results of Mr. Rae's review, we will push ahead with a number of initiatives to improve the system.

We recently announced a two-year freeze on tuition fees. I am delighted today to announce that we are providing funding to colleges and universities to make up revenue shortfalls for both those years.

More than 50,000 students will have greater access to student loans because of reforms and a \$20.9 million enhancement that we are making to the Ontario Student Assistance Program.

We recently announced a two-year freeze on tuition fees. I am delighted today to announce that we are providing funding to colleges and universities to make up funding shortfalls for both those years.

Our province faces a shortage of workers in the skilled trades and other technical occupations.

In recognition of the critical role that our colleges play in tackling that challenge, I am announcing \$20 million to update technology and equipment in our colleges, and \$25 million in one-time college stabilization funding, targeted primarily at smaller rural and northern colleges.

Training

Mr. Speaker, it is a fact that about half of Ontario's high school students, by choice or circumstance, do not go on to pursue a post-secondary education. Our government is committed to giving these young people the opportunity to benefit from, and contribute to, Ontario's economic growth.

The apprenticeship system is key to encouraging growth, as well as providing an important career path for young people who choose not to attend college or university.

The government is making improvements to the Ontario Student Assistance Program (OSAP) that will benefit 50,000 Ontario students. Improvements to OSAP include:

- a \$20.9 million enhancement in 2004-05;
 - harmonizing with the Canada Student Loans Program;
 - reducing the parental contribution;
 - waiving the 12-month residency rule for immigrants;
 - updating the definition of "independent" student;
 - increasing debt forgiveness for loans in near-default; and
 - extending OSAP to accepted refugees.
-

I am announcing today several initiatives that would increase the number of apprenticeships in the province, helping ensure that we have skilled workers in the construction, industrial and manufacturing sectors in years to come.

A new Apprenticeship Training Tax Credit would encourage employers to hire and train apprentices in skilled trades.

We will increase funding to classroom training for the Apprenticeship Program.

By 2007-08, 26,000 young people will be entering apprenticeships each year, because they had an opportunity to keep learning after leaving school.

The apprenticeship system is key to encouraging growth, as well as providing an important career path for young people who choose not to attend college or university.

There will also be new programs for young people who have dropped out or are at risk of dropping out of high school.

Foreign-trained workers

Mr. Speaker, every year about 125,000 people arrive from around the world to make Ontario their home. They enrich our province both culturally and economically.

Ontario was built on immigration; without it, our economy would grind to a halt. We owe it to new Ontarians and we owe it to ourselves to speed their integration into our workforce.

As I mentioned earlier, we are more than doubling the number of assessment and training positions for international medical-school graduates.

We will also start to tear down the barriers that face immigrants trying to enter the trades and professions.

We will invest \$9.5 million this year, growing to \$12.5 million in 2005-06, to improve foreign-trained workers' access to the jobs they are trained to perform.

Infrastructure

The strongest societies and the strongest economies are rooted in modern, reliable, efficient and affordable infrastructure.

The government is proposing a new Apprenticeship Training Tax Credit.

- Corporations and unincorporated businesses would be eligible for a 25 per cent refundable tax credit on salaries and wages paid.
- For businesses with total payrolls of up to \$400,000, the tax credit would increase to 30 per cent.
- An employer would be eligible for a tax credit of up to \$5,000 per year per eligible apprentice to a maximum of \$15,000 over the first 36 months of the apprenticeship.

Fifteen hundred \$1,000 scholarships annually for high school leavers who return to complete high school and enter apprenticeships.

Under the same scholarship program, employers hiring these apprentices would receive a \$2,000 per-apprentice signing bonus.

The government will take action to remove the barriers faced by internationally trained individuals that prevent them from pursuing their profession or trade. Providing \$12.5 million annually by 2005-06, the Province will:

- work with professional regulatory bodies and employers to increase access and eliminate barriers to credential recognition and job entry;
 - expand training and employment services to help internationally trained individuals make the transition to Ontario's workforce; and
 - improve information on employment opportunities and requirements for individuals considering immigration to Ontario.
-

In 2004-05, the government will invest \$3.3 billion in Ontario's infrastructure, including:

- almost \$450 million for transit, including the first year of \$1 billion cost-sharing agreements for GO Transit and the TTC;
- almost \$1 billion for the upkeep and expansion of the province's 16,500-kilometre highway system;
- \$346 million for hospitals, long-term care facilities and community care facilities to help reduce wait times and improve health care services;
- more than \$100 million to create new spaces at Ontario's universities and community colleges;
- more than \$250 million for clean water;
- almost \$100 million for court and correctional projects, including initiatives to address court backlogs;
- \$20 million for technological education equipment in high schools; and
- \$505 million for municipal and local infrastructure, including \$85 million for affordable housing.

The government is creating the Ontario Strategic Infrastructure Financing Authority (OSIFA) to provide affordable financing to assist public-sector partners in renewing critical public infrastructure.

Almost every area of business and government activity is dependent to some extent on infrastructure.

Infrastructure provides the foundation, literally and figuratively, for cities that are livable, water that is drinkable, power that's reliable.

But Ontario's foundation is eroding. We face a serious infrastructure deficit. That is why we created the Ministry of Public Infrastructure Renewal.

This year, we will make an investment of \$3.3 billion in improvements to Ontario's infrastructure.

At the same time, my colleague, David Caplan, Minister of Public Infrastructure Renewal, is developing a 10-year infrastructure plan. It will establish our investment priorities for the 21st century.

I am announcing today that we are supporting that plan by creating the Ontario Strategic Infrastructure Financing Authority, as well as Infrastructure Renewal Bonds.

The strongest societies and the strongest economies are rooted in modern, reliable, efficient and affordable infrastructure.

The Authority will provide affordable financing to meet municipal, health, education, post-secondary and housing priorities.

Funding for the Authority's loan program will come from the sale of Infrastructure Renewal Bonds.

We also invite the federal government to affirm its commitment to infrastructure renewal by joining us in this new initiative.

Mr. Speaker, we are already moving ahead with innovative policy in key infrastructure areas.

I have already mentioned our government's historic commitment to public transit—a commitment that will be demonstrated through more announcements across the province this year.

At the same time, we are investing nearly \$1 billion this year to keep our roads safe—and to support the movement of goods on which our economy depends.

Mr. Speaker, as my colleague, Leona Dombrowsky, Minister of the Environment, has reminded this House, governments have a duty to protect the quality of public drinking water. And we remain

committed to implementing all the recommendations of the O'Connor report.

This year, we will provide more than \$400 million to support source-to-tap drinking water initiatives.

Much of this funding will be used to help municipalities bring their water treatment facilities up to the world-class standards set out in Ontario's *Safe Drinking Water Act*.

Electricity

Mr. Speaker, our people—our economy—depends on safe, affordable and reliable energy—and electricity in particular.

The work of rebuilding Ontario's electricity sector—which we began within days of taking office—will mark every day of our mandate.

In June, the Minister of Energy, my colleague Dwight Duncan, will introduce legislation to reform the electricity sector.

Our economy depends on safe, affordable and reliable energy.

It would see:

- a combination of a regulated and competitive electricity market that would provide more stable prices that reflect the true cost of electricity;
- the encouragement of new investment;
- an aggressive conservation strategy that would make Ontario a leader in energy efficiency;
- action to meet the critical need for new supply; and
- the creation of an independent body, the Ontario Power Authority, to ensure long-term supply.

Small business

Mr. Speaker, job creation is the most important measure of a growing economy. This government understands that small business makes a big contribution to job creation and economic growth in Ontario.

That's why we held the line on the small business corporate income tax rate last fall when corporate income tax rates were raised.

The small business sector is a big contributor to job creation and economic growth in Ontario. That's why the government is:

- proposing a new Apprenticeship Training Tax Credit, to increase the number of apprenticeships available;
 - removing barriers for foreign-trained workers;
 - holding the line on the small business Corporate Income Tax rate;
 - maintaining the \$400,000 exemption for Employer Health Tax;
 - initiating a one-stop Web Business Portal;
 - converting the Red Tape Commission to a small business agency;
 - creating the Small Business Tax Administration Advisory Committee; and
 - supporting Ontario's film and television industry.
-

Ontario's capital tax is widely recognized as a barrier to attracting the investment that Ontario needs to build an innovative economy of high-wage and high-skill jobs. The government proposes to implement a prudent plan to gradually eliminate the capital tax by 2012.

- Starting January 1, 2005, the current \$5 million deduction from taxable paid-up capital would increase by \$2.5 million each year until the deduction reaches \$15 million on January 1, 2008.
- Starting January 1, 2009, capital tax rates would be reduced each year until the capital tax is fully eliminated on January 1, 2012.

We also accelerated the increase in the small business threshold, and we are continuing to exempt the first \$400,000 of private-sector payrolls, and all self-employment income, from the Employer Health Tax.

I am announcing today that we are moving forward in creating a one-stop Web Business Portal, a resource that will simplify registration and change-of-business information for small business.

To better meet the needs of small business, we will meet our commitment to convert the Red Tape Commission into a small business agency.

This government understands that small business makes a big contribution to job creation and economic growth in Ontario.

Finally, we are supporting Ontario's domestic film and television industry by proposing to parallel the federal government's 2003 film tax credit changes.

A growth-sensitive tax system

Mr. Speaker, this Budget contains two important new tax initiatives for business—positive changes that would make us more competitive and promote investment.

First, we are proposing to gradually eliminate Ontario's capital tax.

This tax—one that businesses must pay whether or not they are profitable—is in effect a tax on investment and job creation.

This important change would be phased in, starting January 1, 2005. It would mean that in 2005, 6,000 more businesses would no longer pay capital tax, and by 2012, this tax would be completely eliminated.

Second, we are proposing to change capital cost allowances to allow faster writeoffs on computer and data network infrastructure equipment.

This measure would parallel changes introduced in the federal budget—and it's good news for business.

WELL-MANAGED GOVERNMENT

The four-year plan

Mr. Speaker, when we consulted Ontarians, they told us they want government to be accountable, transparent and well managed.

That is why we have based this Budget on a prudent four-year plan.

It is the result of more than six months of rigorous review throughout every ministry in the government.

The directive to each ministry was clear. Programs are to be designed to meet Ontarians' priorities—and they must yield measurable results.

The directive to each ministry was clear. Programs are to be designed to meet Ontarians' priorities—and they must yield measurable results.

In the fall, we will be releasing four-year, results-based spending plans for all ministries.

Going forward, our government will report at least twice a year on the progress being made towards meeting our plan.

Budgeting for results

All of this, Mr. Speaker, is part of a new approach: budgeting for results.

It means what we do will be judged by the results we deliver for Ontarians.

If a given program doesn't reflect the priorities of Ontarians, delivering satisfactory results for the money that is being spent, we will either find a way to do it better or we will stop doing it altogether.

Ontarians know, and we understand, that increased spending alone does not guarantee better results. That is why we will constantly review the programs we fund against the results they deliver.

Multi-Year Balanced Budget Plan (\$ Billions)

	Plan	Outlook		
	2004-2005	2005-2006	2006-2007	2007-2008
Revenue*	78.4	79.9	82.5	86.0
Expense				
Programs	66.7	67.2	68.9	70.6
Capital	2.6	2.5	2.5	2.5
Interest on Debt	10.3	10.8	11.1	11.5
Total Expense	79.6	80.5	82.5	84.5
Reserve	1.0	1.5	1.5	1.5
Surplus/(Deficit)	(2.2)	(2.1)	(1.5)	0.0

* Includes one-time revenue gain of \$3.9 billion related to the projected elimination of the liability for non-utility generator power purchase agreements in 2004-05.

The Change Fund supports one-time expenditures to improve Ontario's public services, reduce long-term costs and mitigate the demand for services.

Change Fund Investments (\$ Millions)		Plan 2004-05
Investments for Health Care		
Community Health Services— home care and community mental health	140	
Family Health Teams	111	
e-Health Initiatives	78	
Other Projects (including wait lists and workplace safety)	280	
		609
Other Investments		
ServiceOntario Enhancement	27	
College Stabilization	25	
Nutrient Management		
Financial Assistance Program	5	
All Other	6	
		63
Investments to be Confirmed		328
Total Change Fund Investments		1,000

Medium-term fiscal targets between 2004-05 and 2007-08 will be achieved by holding average annual program spending growth to 1.9 per cent.

Medium-Term Program Spending Growth (Per Cent)			
Annual Growth			Average Annual Growth 2004-05 to 2007-08
2005-06	2006-07	2007-08	
0.7	2.6	2.5	1.9

If a given program doesn't reflect the priorities of Ontarians, delivering satisfactory results for the money that is being spent, we will either find a way to do it better or we will stop doing it altogether. And we will be reporting regularly on our progress towards achieving expected results.

Funding change in Ontario

Mr. Speaker, achieving better results from public services will require a transformation in how we deliver those services.

That transformation will require some investment up front.

Community-based health care, for example, will require investment in new technologies and facilities.

To that end, our government is establishing a \$1 billion Change Fund.

We asked all our ministries to submit proposals for ways in which the fund could be used to implement one-time changes that will increase efficiency and ensure sustainability. Most of these plans have been approved and form part of this Budget; the remainder will be assessed in the coming months.

Only projects with a sound business case to reduce long-term costs or mitigate the demand for services over the long run will be funded. Any money that is not spent this year will be used to pay down the deficit.

Ontarians' priorities

The clear focus of our plan—reflecting the priorities of Ontarians—is health care and education.

Between 2004-05 and 2007-08, we will restrict program spending to an average growth rate of just 1.9 per cent a year.

In order to ensure that we can fund these core services—while balancing our budget over the course of our mandate—we must hold the line on other spending.

Between 2004-05 and 2007-08, we will restrict program spending to an average growth rate of just 1.9 per cent a year.

That is less than the growth in our revenues; less than the growth of the economy.

Over the same period, the budgets of 15 ministries are either being flatlined or decreased.

As of tomorrow, my colleague Gerry Phillips, Chair of Management Board, will begin the process of finding further savings and efficiencies across all of our ministries. He has clear targets:

\$200 million in 2005-06, \$400 million in 2006-07 and \$750 million in 2007-08.

This Budget proposes to eliminate several tax expenditures, coming out of our review of the effectiveness of these measures.

We are raising fees and charges across a range of services to ensure they better reflect the true cost of delivering those services.

We are also increasing revenue from tobacco taxes as of midnight tonight, and alcohol levies as of June 21.

Economic forecast

Mr. Speaker, our four-year plan is based on a prudent and realistic economic forecast.

We must be as certain as possible that our four-year plan is based on assumptions that are realistic.

Ontario's economy is expected to gain momentum in the next few years, continuing to rebound from last year's slowdown.

This growth will bring with it strong job creation and higher incomes.

We are predicting that the economy will grow by 2.3 per cent in 2004, and an average of 3.3 per cent annually from 2005 to 2007.

The private-sector consensus forecast is more optimistic, calling for a faster rate of growth and predicting that by 2005, Ontario will have one of the strongest economies in the advanced industrialized world.

We are being somewhat more cautious in our assumptions, not because we are less optimistic about Ontario's future, but because we carry an important responsibility to the people of Ontario.

We must be as certain as possible that our four-year plan is based on assumptions that are realistic.

To support the Ontario Tobacco Strategy, the government is taking the second step in its commitment to bring tobacco tax rates up to the national average. The proposal is to increase tobacco tax by \$2.50 per carton of 200 cigarettes.

Sample alcohol price increases from levy changes:

- 25¢ per 750ml bottle of spirits
- 15¢ per 750ml bottle of wine
- 15¢ per 4 bottles of coolers (341ml bottles)
- 45¢ per 24 bottles of beer (341ml bottles)

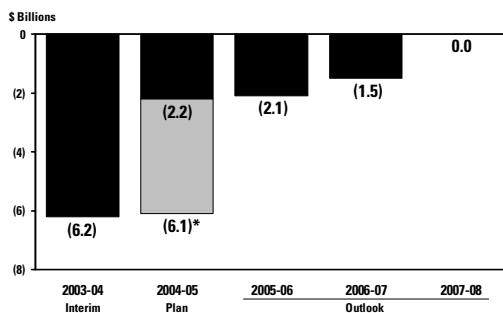
Ontario Economic Outlook Highlights (Annual Average, Per Cent)

	2004p	2005-2007p
Real GDP Growth	2.3	3.3
Unemployment Rate	6.7	5.9
CPI Inflation	1.9	1.9

p = projection.
Average per year for 2005-07 except for the unemployment rate, which is the projection for 2007.

A moderate and sustainable approach to fiscal planning is a priority of this government.

Eliminating the Structural Deficit



* Excludes one-time revenue gain of \$3.9 billion related to the projected elimination of the liability for non-utility generator power purchase agreements.

To preserve Ontario's economic health, to protect services that people value, and to put Ontario on a path of fiscal sustainability, the government is committing to a medium-term plan to balance the budget.

Helped by a growing economy and a skilled labour force, Ontario is expected to create 104,000 jobs in 2004. That is an increase of 1.7 per cent over last year.

Over the course of the next four years, the unemployment rate is projected to fall from 7 per cent in 2003 to 5.9 per cent in 2007.

Personal income is expected to increase by 3.4 per cent this year, and will continue to reflect economic growth—rising by 4.5 per cent in 2005, 4.8 per cent in 2006 and 4.9 per cent in 2007.

Balancing the budget

Mr. Speaker, it is within the context of steady growth and prudent management that we have laid out our plan for steady deficit reduction.

The Government of Ontario must balance its books.

As we continue to work through our four-year plan, the deficit will be reduced to \$2.1 billion by 2005-06, \$1.5 billion by 2006-07 and Ontario's books will be balanced in fiscal 2007-08.

However, trying to force a balanced budget in the short term would require deep spending cuts that would threaten necessary public services.

Leading private-sector economists have confirmed that such drastic measures could threaten the stability of our economy.

By transforming services and by holding program spending growth to less than the rate of growth in tax revenues, we will eliminate Ontario's structural deficit without putting priorities at risk.

Based on our prudent assumptions, and after enacting the measures I am outlining in this Budget, we project a deficit for 2004-05 of \$2.2 billion, down from \$6.2 billion in 2003-04.

This includes a one-time elimination of the liability from power purchase contracts entered into by the old Ontario Hydro. Those costs would be included in consumer bills over the life of the contracts.

As we continue to work through our four-year plan, the deficit will be reduced to \$2.1 billion by 2005-06, \$1.5 billion by 2006-07, and Ontario's books will be balanced in fiscal 2007-08.

We have budgeted reserves throughout the course of our plan, to protect against unexpected changes in the economic and fiscal outlook.

The reserve for 2004-05 is \$1 billion. To better reflect the uncertainty inherent in longer-range forecasting, we are increasing that figure to \$1.5 billion for the years following.

Over the course of our four-year plan, the accumulated deficit as a per cent of GDP is projected to decrease steadily from 25.3 per cent in 2003-04 to 21.9 per cent in 2007-08.

Better asset management

Mr. Speaker, in the months leading up to this Budget there has been ample and colourful speculation about the sale of public assets. The advice I have received has certainly been helpful.

I want to take this opportunity to make the policy of this government crystal clear: we will not sell public assets in order to pay for the ongoing operation of the government. We will not use asset sales to hide deficits.

What we will do is bring the highest of standards to the strategic management of all our public assets.

We are going to undertake a thorough review of major Provincial assets, to evaluate the appropriate role of each asset, and to ensure effective and efficient management.

That review will include the Liquor Control Board of Ontario (LCBO), the world's largest distributor of beverage alcohol. Our purpose will be to determine if Ontarians are receiving the maximum benefit from this very significant Crown agency.

But let me be clear. We will not sell the LCBO, nor will we sell TVOntario to pay for the ongoing operation of government. We're not looking to sell anything.

It is possible that our review may identify assets that are not providing enough ongoing value to Ontarians, but would, if sold, generate substantial revenues that could be used to increase efficiency and promote economic growth.

In that case, we would explore a potential sale on the basis that any revenues generated would be used for the Change Fund.

TRANSPARENCY AND ACCOUNTABILITY

Mr. Speaker, in 1999 the previous parliament passed the *Balanced Budget Act*. It is an Act with laudable objectives but mechanics that are seriously flawed. It does nothing to prevent a government from hiding a deficit from the voters.

I am introducing a replacement—the Fiscal Transparency and Accountability Act (FTAA).

If passed, the FTAA would set a more responsible framework, and would require an independent review of the government's books, before an election.

It would enhance both the quality and credibility of our democracy.

We will also be proposing legislation to amend the *Taxpayer Protection Act* in order to allow revenue measures in this Budget.

Over the next year, we will determine the appropriate role that this type of legislation should play in ensuring real accountability.

If passed, the FTAA would set a more responsible framework, and would require an independent review of the government's books, before an election.

Now, Mr. Speaker, under the terms of the FTAA, there would be no penalty for running a deficit beyond any that the people of Ontario might choose to impose on election day.

However, the law as it currently stands does impose a fine of more than \$9,000, to be paid by all cabinet ministers in any government that runs a deficit.

As I have made clear, we have chosen to run a deficit in the short term because it is the right thing to do.

We stand by that decision, and we will pay the fine for this year, beginning June 1.

The money will be used to pay down the deficit.

"I urge the new government to consider legislation dealing with fiscal responsibility. The objective would be to improve accountability through greater transparency in the quality of budgets. This approach would be more effective in ensuring fiscal accountability than legislation that limits government flexibility in responding to fiscal challenges."

**Report on the Review
of the 2003-04
Fiscal Outlook**

*Prepared for the
Premier of Ontario by
Erik Peters, FCA
October 29, 2003*

CONCLUSION

As I conclude, Mr. Speaker, I want to take a moment to acknowledge the many people who helped make this plan a reality.

I want to thank the Premier, my Parliamentary Assistant, Mike Colle, and my cabinet and caucus colleagues. I want to thank the men and women of Ontario's Public Service and particularly my Deputy Minister and the hard-working staff at the Ministry of Finance.

I want to thank my own family, with love.

As Liberals, we understand that society comes together around a core set of needs and goals. It is through government that those goals are reflected, and it is with the help of government that those needs are met. In meeting those needs, we create a civil society.

But most of all, Mr. Speaker, I want to thank the people of Ontario, for their advice, for their commitment to one another, and to this province.

Mr. Speaker, we are a Liberal government.

As Liberals, we understand that society comes together around a core set of needs and goals. It is through government that those goals are reflected, and it is with the help of government that those needs are met. In meeting those needs, we create a civil society.

The people of Ontario told us that what they need is fundamental change.

Today I have laid out a comprehensive four-year plan to deliver that change.

In education, the people of Ontario will be able to look to smaller class sizes, and increased student achievement.

There will be more doctors and nurses in this province.

Wait times will have been reduced, and there will be more focus on high-quality, around-the-clock, community-based health care.

Our roads and highways will be in better shape, and improved public transit in urban areas will have reduced gridlock.

And four years from now, Ontario's public services will be sustainable.

Four years from now, the people of Ontario will be able to judge our plan by the results it has achieved.

Four years from now, the people of Ontario will be able to judge our plan by the results it has achieved.

And I have every confidence that they will agree...this Plan for Change was the right plan for Ontario.

Thank you, Mr. Speaker.

© Queen's Printer for Ontario, 2004
ISBN 0-7794-6230-0

