



# 1995 Ontario Budget Plan

Floyd Laughren  
Minister of Finance

© Ontario



# **1995 ONTARIO BUDGET PLAN**

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 Ontario

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**Budget Plan at a Glance**  
**(\$ Millions)****Table 1**

	<b>Interim</b>	<b>Plan</b>	<b>Per Cent</b>
	<b>1994-95</b>	<b>1995-96</b>	<b>Change</b>
			<b>from</b>
			<b>1994-95</b>
Revenue	45,589	48,397	6.2
Operating Expenditure:			
Programs	43,679	43,494	-0.4
Capital Debt Servicing	106	229	
Public Debt Interest	7,880	8,600	9.1
Total	51,665	52,323	1.3
<b>Operating Deficit</b>	<b>6,076</b>	<b>3,926</b>	
Capital Expenditure*	2,020	1,900	
<b>Budgetary Requirements</b>	<b>8,096</b>	<b>5,826</b>	

**Economic Indicators:**

Consumer Price Index (%)	0.1	2.2
Employment Growth (%)	1.4	2.2
Real Gross Domestic Product (%)	5.3	4.5

\* Capital Expenditures exclude investments using alternative capital financing of \$1.6 billion in 1994-95 and \$2.0 billion in 1995-96. Capital Debt Servicing noted above provides for both interest and principal repayments of alternative capital financing, resulting in the retirement of debt totalling \$15.7 million in 1994-95 and \$32.7 million in 1995-96.

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**HIGHLIGHTS OF THE GOVERNMENT'S PLAN**

- ▶ The Government's Budget Plan will protect jobs, universal medicare, education for our children, and services for those who are most vulnerable.
  - ▶ The operating budget will be balanced two years from now in 1997 — a year ahead of schedule.
  - ▶ We will hold the line on taxes — in spite of massive federal funding cuts.
  - ▶ The Government will launch a province-wide grass-roots consultation to ensure that Ontarians can have their say on how to handle the \$3.6 billion in federal cuts. The solutions will be introduced in the Legislature this fall.
  - ▶ The Government will invest an additional \$300 million over three years in **JUMPstart** — a set of measures that will help 66,000 more young Ontarians get jobs.
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# THE ONTARIO BUDGET PLAN

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I am here today to put before the people of Ontario our Government's plan for the budget we will introduce in the Legislature after the election. Premier Rae has advised me that we will be going to the people shortly to ask them to renew our mandate to govern. Before that happens, we want to get the facts and figures about the economy and the Province's finances on the public record.

Over the last 4½ years, my colleagues and I have opened up the budget process in a way that had never been done before in this province. We are continuing our Government's tradition of openness and frankness today.

I am providing details on expenditures and revenues planned for this fiscal year, and our medium-term fiscal plan. I am announcing new measures that will help Ontario's young people get jobs. And I am laying out our plans for a province-wide consultation with the people of Ontario on the best way to handle the \$3.6 billion in new cuts that the federal government has imposed on Ontarians.

Our Budget Plan is realistic and responsible. It does not promise simple solutions. It does not slash and burn valued services and people's jobs. It does not call for irresponsible tax cuts before the budget is balanced. Our plan provides moderate, made-for-Ontario solutions.

## **WE HAVE KEPT OUR COMMITMENTS TO ONTARIANS**

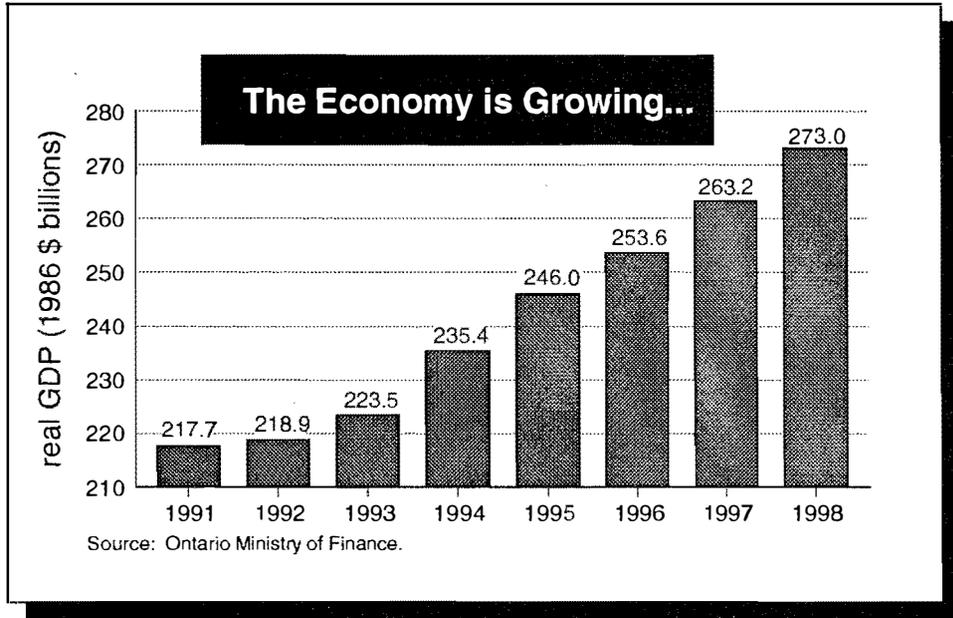
The 1990s have been a time of enormous challenges for both the Government and the people of Ontario: the most brutal recession in half a century, a federal government that insists on denying Ontarians their fair share of funding for public services, and a legacy of undisciplined spending from previous provincial governments.

The Government of Premier Bob Rae has faced those challenges squarely. Through tough times, our balanced plan has been meeting the needs of Ontario's people.

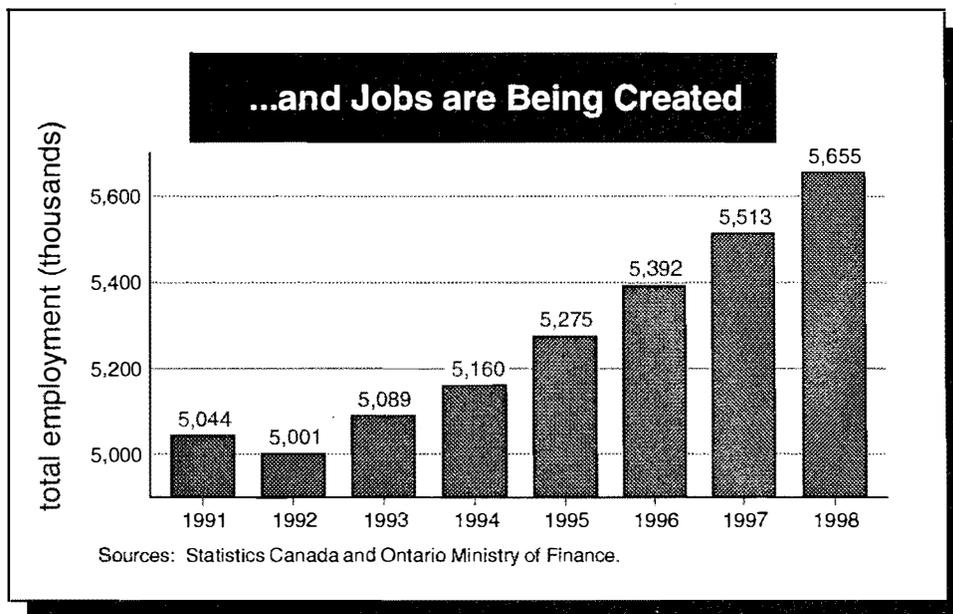
Ontarians told us they wanted us to support jobs and economic growth, to get the deficit down, and to protect vital services like medicare, education for our children, and programs

## 1995 ONTARIO BUDGET PLAN

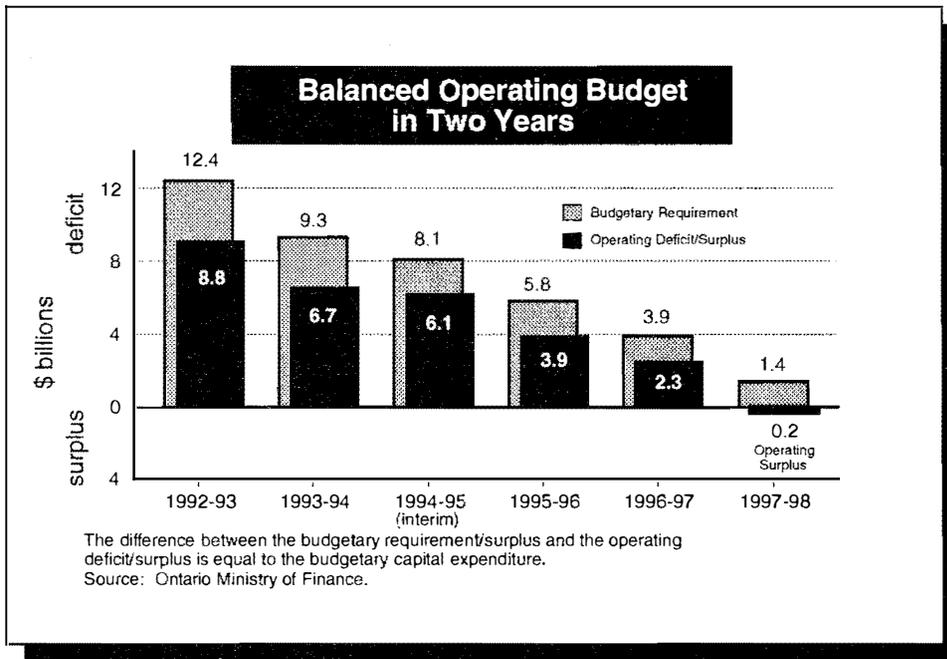
for those who are most vulnerable. That's what we have done. And we have beaten the targets we set last year.



- ◆ Last year, we forecast that the economy would produce over 100,000 new jobs in the year ahead. In fact, over the past year, Ontario employers have created 137,000 full-time jobs.
- ◆ Last year, we forecast that the economy would grow by 3.3 per cent in 1994. In fact, it grew by 5.3 per cent.



- ◆ Last year, we said that we would balance the operating budget in 1998. In fact, we will do it a year ahead of schedule, in 1997.
- ◆ Last year, we said that we would hold the line on spending and we would not raise taxes. In fact, the budget plan I am outlining today calls for program spending to be lower this year than it was four years ago — without new taxes and without tax increases.



- ◆ Last year, we said that we would protect public services like universal medicare and education. In fact, our hospitals are caring for more patients than when we took office; our schools, colleges and universities are educating more students; and more seniors and people with physical disabilities are receiving long-term care services in their own homes.

## 1995 ONTARIO BUDGET PLAN

<b>Better Services for More People</b>			<b>Table 2</b>
	<b>1990</b>	<b>1994</b>	<b>Change</b>
Students in elementary and high school	1,770,000	1,893,000	+ 7%
Students in colleges and universities <sup>1</sup>	319,000	361,000	+ 13%
Hospital cases/patient visits (millions) <sup>2</sup>	14.7	15.4	+ 5%
Women covered by pay equity	360,000	780,000	+ 117%
Subsidized child-care spaces	46,600	68,300	+ 47%
People in training programs <sup>3</sup>	313,000	376,000	+ 20%
People receiving in-home long-term care services <sup>4</sup>	207,000	300,000	+ 45%

1 Based on full-time enrolments. Preliminary figure for 1994, based on fall survey.  
2 1989-90 fiscal year versus preliminary 1993-94 fiscal year.  
3 Training interventions and job placements plus literacy programs.  
4 Estimated figure for 1994.

We said last year that we would support job creation, preserve vital services, and bring the deficit down while holding the line on taxes — and we have done it. We have kept our commitments to the people of Ontario.

That doesn't mean that all our problems are solved. But it means we have a track record on which to build.

One of the challenges we are determined to tackle this year is helping Ontario's young people get the training and work experience they need to get that vital first job. Over the next three years, starting in September, our new **JUMPstart** program will help 66,000 more young people get a job.

### **A Balanced Approach**

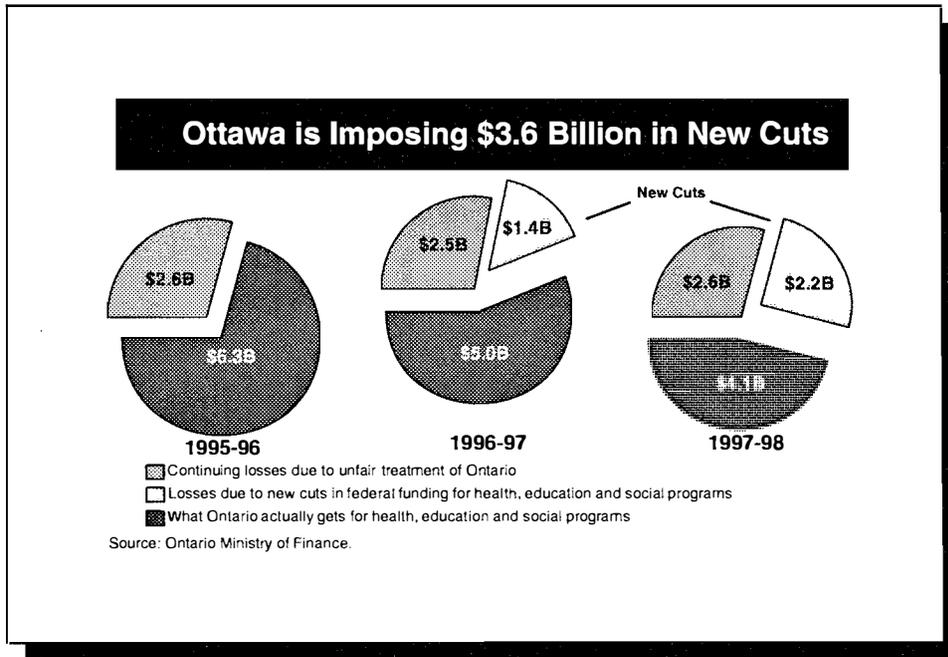
Our Government has learned a great deal from the challenges we have faced. One of the tough lessons we have learned is that the people of Ontario cannot count on their federal government to treat them fairly.

The current federal government, like the Mulroney government before it, has backed away from its commitments to the people of this province. It has continued to deny Ontarians their fair share of funding for social assistance, training, and immigrant settlement. That discrimination will have cost the people of Ontario \$12.4 billion between 1990-91 and 1995-96.

Despite the severity of that financial blow, our Government will keep to our fiscal course, maintain vital services, and continue to build for Ontario's future.

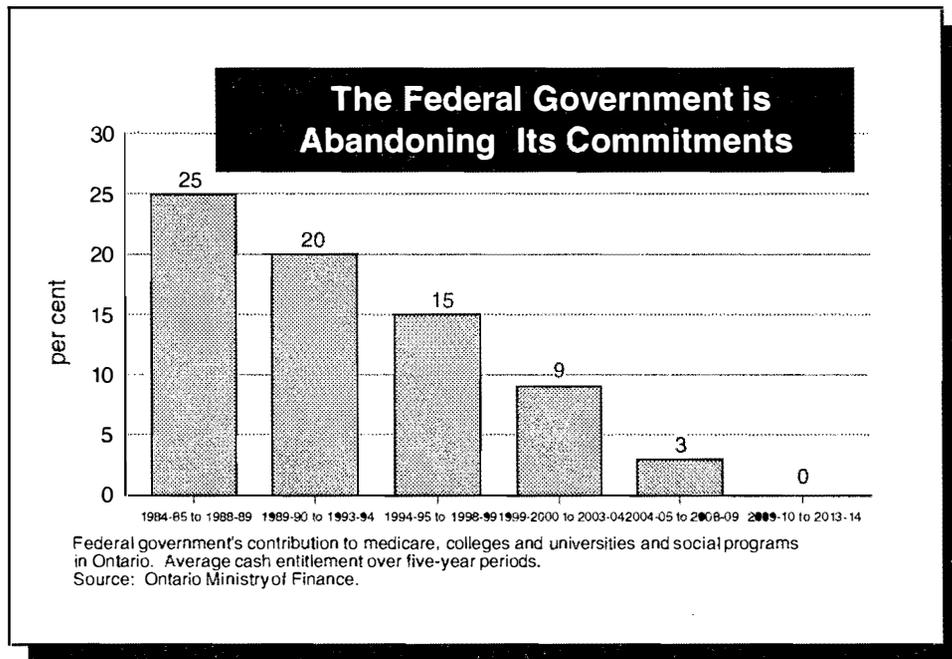
### The Challenge of the Martin Budget

Now the Martin budget will take away another \$3.6 billion from Ontarians for medicare, education and social services in 1996-97 and 1997-98. Let me illustrate what a billion dollars pays for in Ontario. A billion dollars would pay for all the hospitals in the North and three out of four hospitals in southwestern Ontario — or all the long-term care facilities across the province — or half of our universities — or all of our community colleges.



Ontarians, who make up 38 per cent of Canada's population, will be forced to shoulder 54 per cent of the net reductions in federal transfers for health, education, social services and equalization between 1994-95 and 1996-97 — more than all the other provinces combined. Rather than fixing the unfairness that already exists, the Martin budget makes it worse.

Their budget also sends a clear signal that the federal government is no longer willing to preserve a national medicare program. Their new block-fund scheme takes us down a path that will end the federal government's ability to enforce national standards. As cash transfers to the provinces dwindle, the federal government will lose any clout it has had to maintain standards across the country.



The federal government is abandoning its commitment to medicare. We are not. Universal medicare is one of the finest achievements of Canadian society. This Government is going to fight to keep it and make it work better.

Of course the federal government faced a difficult deficit problem. But the Martin budget took the easy way out. It off-loads by far the largest share of its cuts on to the provinces. Fully 42 per cent of the cuts are coming out of federal cash transfers to provinces, which represent only 15 per cent of total federal program spending. This is not deficit-cutting — it is deficit-shifting.

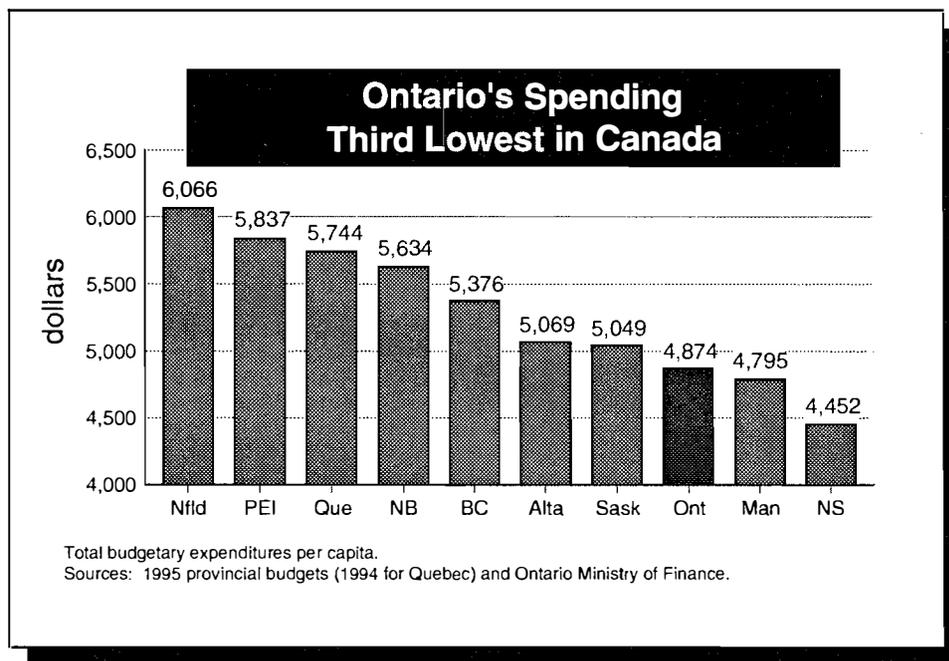
Instead of protecting services, the Martin budget cuts the very services, like universal medicare and education, that Ontarians value most. It perpetuates the Mulroney government's policies of high interest rates, slow economic growth, persistent high unemployment, and the GST. It will cost Ontarians an estimated 90,000 jobs by 1997, and it will cost even more jobs if interest rates continue to rise unnecessarily. And it raises taxes.

Our Government's plan protects services, supports jobs, and brings the deficit down while holding the line on taxes.

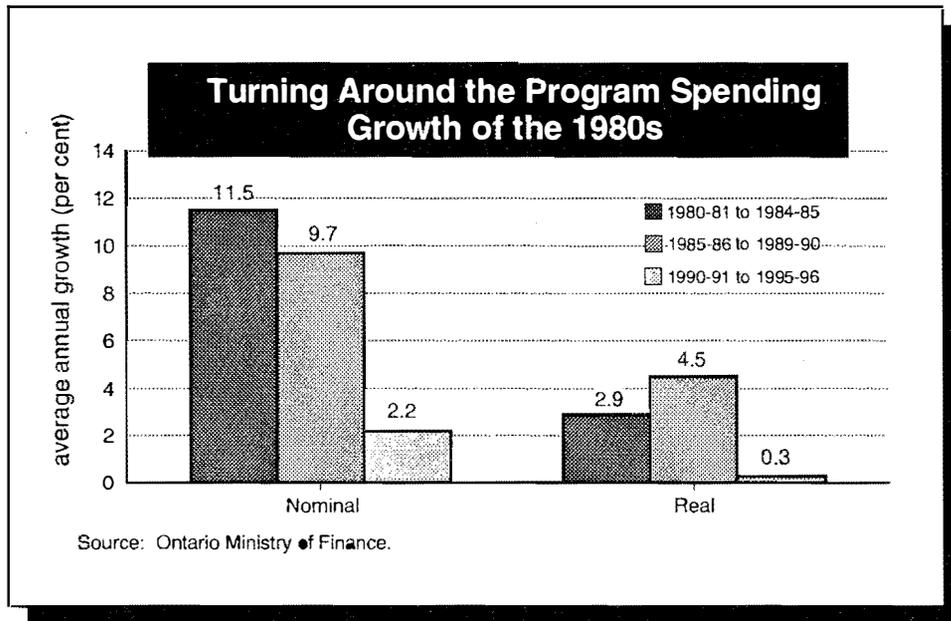
## WE HAVE CUT THE DEFICIT IN HALF SINCE THE RECESSION

The people of Ontario do not want governments to gut medicare or make higher education unaffordable for families. They want governments to live within their means while preserving vital services.

Our Government has put in place the tightest spending controls in half a century. Program spending in the coming year will be lower than it was four years ago. No Ontario government in 50 years can equal that record. And looking across the country, our budgetary spending per person this year will be the third lowest of all the provinces.



The last provincial government rode the crest of a major economic expansion. During their term of office, government spending grew by 66 per cent. Their budgets simply layered new programs on top of old ones, and pushed spending up by an average of about 10 per cent every single year. They did not reduce the debt by one penny during those boom years.



In their last budget in 1990, they forecast that the economy would continue to grow without interruption. And they promised a balanced budget in 1990-91. In reality, by the time my colleagues and I took office, the recession had already taken 100,000 jobs out of the Ontario economy, and the so-called balanced budget had already turned into a deficit that reached \$3 billion that year.

### Putting Our Own House in Order

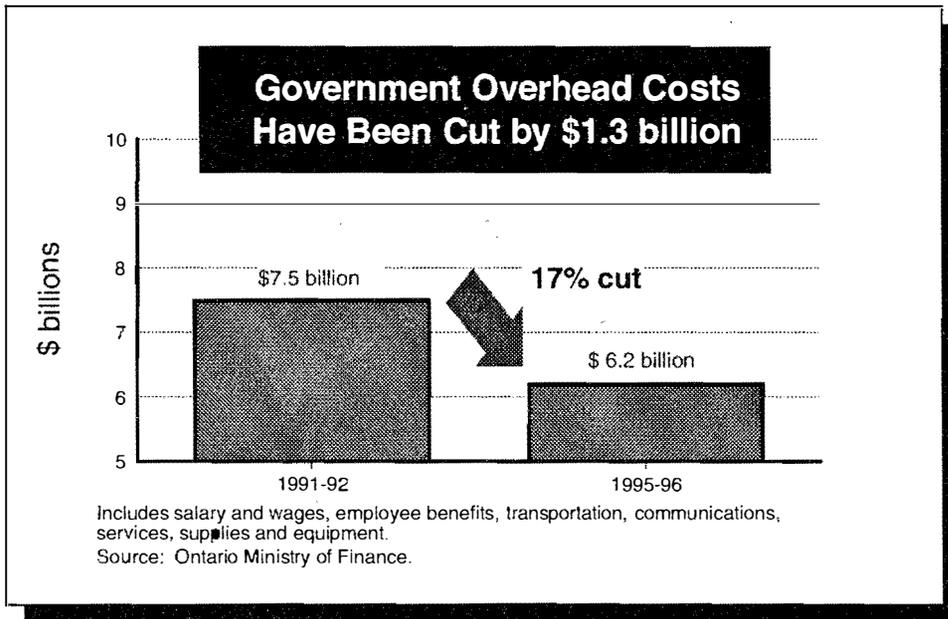
We have had to face an even tougher deficit challenge, proportionately, than the federal government. We made the hard decisions to get the deficit down, and we have the scars to show for it.

Our Government went back to square one. We examined every program. We found ways to run them more efficiently. Our Expenditure Control Plan put an end to the upward spiral of government spending created by our predecessors. It is now saving \$6 billion a year.

We put our own house in order. Spending on government overhead will be \$1.3 billion less this year than four years ago. It is lower now than it was when the former government left office. Through attrition and early retirements, we have cut the size of the public service by 6,000 positions since March 1991, with almost no layoffs.

Our tough decisions are paying off for Ontario. In the year just ended, our deficit was \$8.1 billion. That is more than \$400 million below the target we set.

In 1995-96, the deficit will drop by \$2.3 billion to \$5.8 billion. That is \$700 million below the target set last year. That's two years in a row we have beaten our targets. The deficit will be less than half what it was at its peak during the worst of the recession.



The budget we plan for 1995-96 calls for total operating spending of \$52.3 billion. Program spending is planned at \$43.5 billion, which is lower than last year. Revenues are projected to be \$48.4 billion. For the second year in a row, our plan calls for no new taxes, and no tax increases.

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BETTER HEALTH CARE FOR ONTARIANS

We are changing our health care system to promote healthy communities and ensure that the health needs of Ontarians are met now and in the future.

There are more elderly people in our population, and more people with physical disabilities who want to live independently. We have launched "Neighbours — Home and Health Services for Independent Living" to ensure that in-home services like nursing, meals, physiotherapy and homemaking are available to those who need them.

Nearly every family in Ontario has been touched in some way by cancer. Ontario spends more than \$1 billion a year on cancer care. Now Ontario has a provincial cancer strategy that looks at every aspect of cancer care, from early detection to treatment, community support and palliative care.

- ▶ Since 1990, we have invested more than \$370 million to expand cancer facilities in places like Oshawa, London, Ottawa, Peel and Toronto.
- ▶ The Breast Cancer Screening Program is now screening 60,000 women a year. The number of screening centres was increased in the fall of 1994 from 10 to 16.

Some individuals and families who are struck by conditions like multiple sclerosis or AIDS are having a hard time paying for all the prescription drugs they need. The new Trillium Drug Program will help about 250,000 Ontarians cope with unmanageable drug expenses.

New technologies are transforming health care. For example:

- ▶ Ontario will provide over \$3.4 million a year to hospitals to operate up to 23 new MRI machines to ensure access for Ontarians across the province to this high-tech diagnostic imaging tool.
- ▶ We have established the Health Network, an electronic link connecting pharmacists with a provincial database so they can check whether people receiving Ontario drug benefits are taking drugs that may have dangerous side effects when taken together. The Network has also identified over 15,000 duplicate prescriptions, avoiding \$380,000 in costs.

Our health system must become more attuned to the needs of consumers. Many women want to have their babies under the care of a midwife. Ontario is the first province to recognize midwives as a regulated health profession.

Since 1990, we have increased funding for dialysis by \$70 million to treat 2,000 more patients. Another \$13.5 million has been provided in one-time grants for equipment and other costs.

Under a 10-year reform plan, we are investing \$20 million to expand community health services.

The Aboriginal Healing and Wellness Strategy is a five-year initiative to support Aboriginal communities in tackling some of the health and social problems they face and to improve access to primary health care.

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## **WE HAVE PROTECTED PUBLIC SERVICES**

Our plan is bringing the deficit down without costing people their jobs and without slashing important services, like medicare, education for our children, and services for those who are most vulnerable.

The Social Contract is saving \$2 billion a year, and it has preserved up to 40,000 public-sector jobs. The Social Contract will expire next year, but the \$2 billion will not be put back into the system. Our partners in the broader public sector are working hard to find permanent savings. The government's own share of the permanent savings will be \$210 million in 1996-97. Management and labour representatives have already found half of that amount.

### **Protecting Medicare — and Making it Work Better**

With the help of our partners in the health care system, we have been able to contain costs even though demand for services has increased. But our highest priority is providing better health care for Ontarians. Even though our total spending on programs is falling, we will spend almost \$300 million more on health care this year than two years ago. And we are directing dollars to where they are needed most.

We have increased support for cancer research, treatment and prevention, and we have expanded community-based supports for people with cancer and their families.

We are building new health care facilities, like the Princess Margaret Hospital, which specializes in cancer cases and serves patients from across Ontario.

The new Trillium Drug Program will help almost a quarter-million individuals and families touched by conditions like multiple sclerosis, cystic fibrosis and AIDS. When their prescription drug costs exceed a deductible that is based on their income, this new program will help to pay the balance.

About 300,000 seniors and people with physical disabilities are receiving long-term care services in their own homes — 45 per cent more than five years ago. Through Neighbours, our community-based approach to home and health services for independent living, we will continue expansion of in-home long-term care services in the coming years.

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To improve the management of the health care system, we are introducing new photo health cards that will prevent \$60 million a year in OHIP fraud.

These decisions show how to save medicare — not by slashing funding or by turning medicare into a program just for financial emergencies, but by making the health system work better.

### **New Foundations for Education**

Our Government is moving forward with the most sweeping reform of the Ontario school system since the 1960s. And we will achieve those reforms without increasing the Province's funding to school boards.

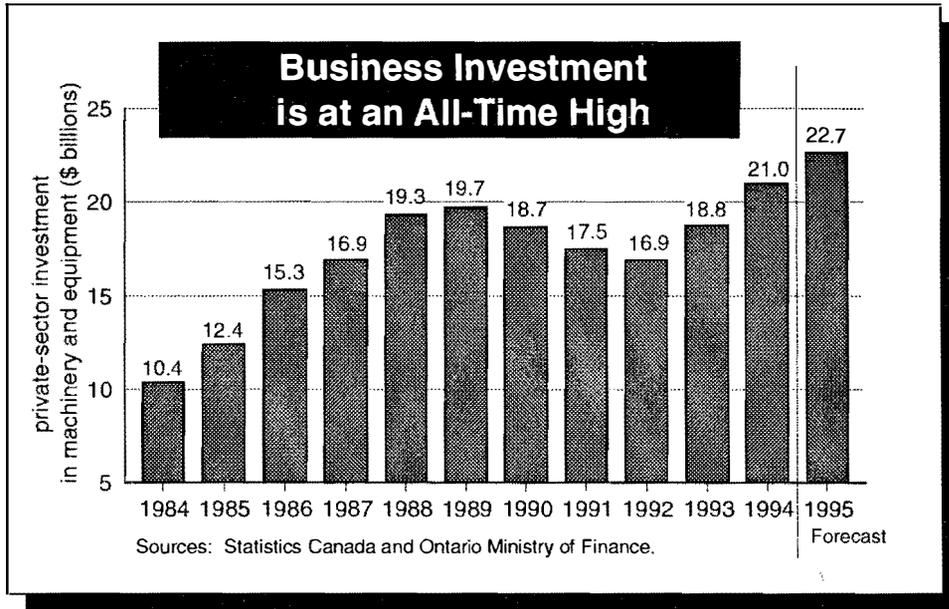
- ◆ We are telling school boards to take resources out of the education bureaucracy and put them into the classroom to meet the needs of students.
- ◆ We are getting parents, students and community members involved in the operation of schools through school councils.
- ◆ We are expanding testing for students on a province-wide basis, and requiring more training for teachers.
- ◆ And we will eliminate up to half the school boards in Ontario by the end of 1997.

Our colleges and universities will see their provincial funding maintained in 1995-96. We will not support the federal cuts that would force tuition fees to double. The future of our young people depends on protecting access to college and university for all deserving Ontarians. The future of our economy does, too.

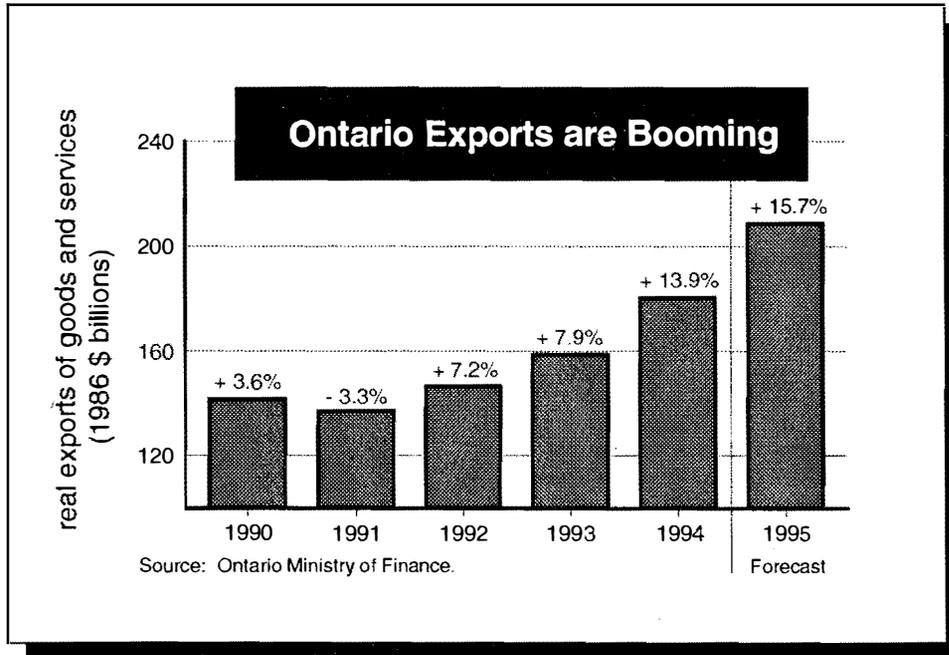
### **WE HAVE WORKED WITH OUR PARTNERS TO CREATE JOBS**

This Government's plan has made Ontario a better place to do business than it was five years ago.

Business has demonstrated its confidence in the province's future through its record-level investment. Business investment in new machinery and equipment last year reached its highest level in Ontario history — and it will be even higher this year.

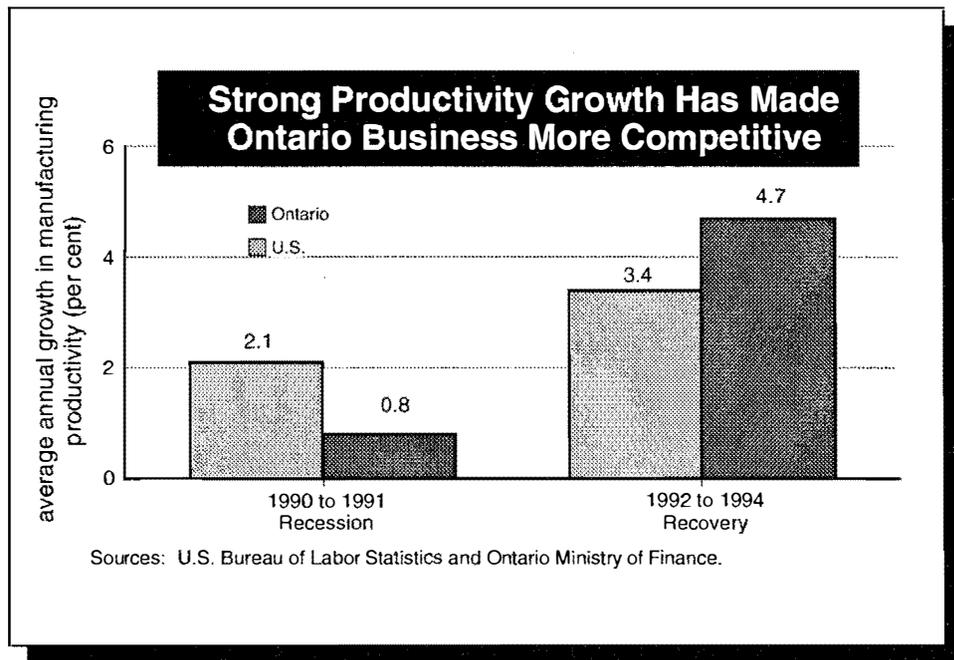


And that equipment is being put to use by workers who have more education and more training than ever before. Combined with the effects of a more competitive dollar, Ontario's exports grew by 13.9 per cent last year, and they will grow another 15.7 per cent in 1995. More than ever before, Ontario is an excellent place to do business.



## 1995 ONTARIO BUDGET PLAN

The auto industry alone has planned or completed \$5.5 billion in expansion in Ontario since this Government took office in 1990. Among the latest announcements — a major addition to Toyota's assembly plant in Cambridge, and over \$1 billion in new investments at Ford facilities in Oakville and Windsor.

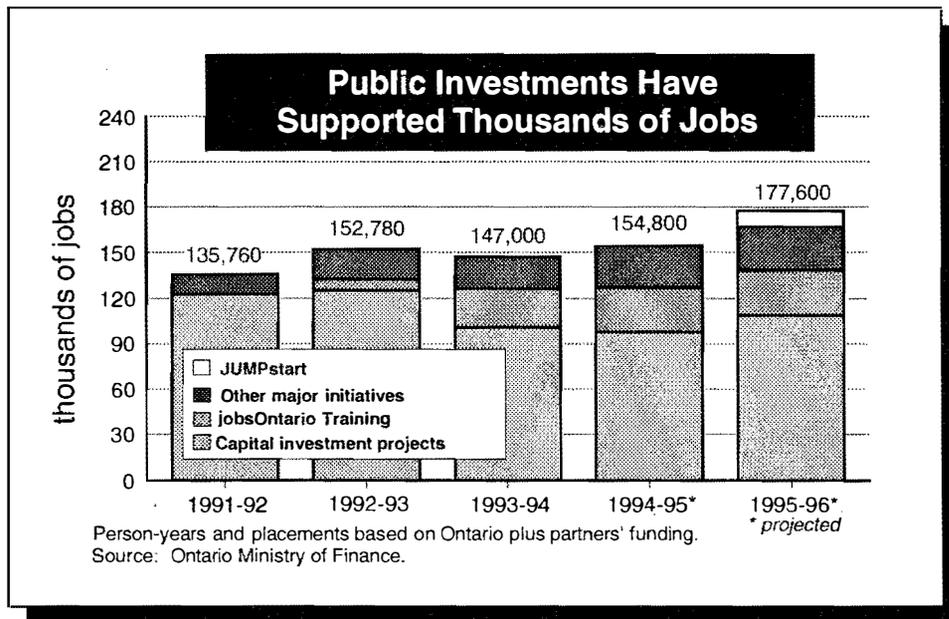


Close to 150,000 Ontarians recently showed their confidence in the future of the province by purchasing \$1.6 billion in the first issue of Ontario Savings Bonds.

### Partnerships with Business to Create Jobs

Ever since our Government took office, we have worked in partnership with the private sector to create jobs and support sustainable economic growth. Together with our partners, we have directly created or supported an average of almost 150,000 private-sector jobs every year since 1991-92.

A good example of the success of partnerships with the private sector is Spruce Falls Inc. in Kapuskasing, where we brought together the workers, a new investor, the community and Ontario Hydro to bring in new ownership and a modernization plan that has kept that mill in operation.



Our Government has worked with the forest industry to ensure that our forests are managed responsibly and with a sustainable yield. From now on, Ontario will dedicate timber-cutting fees to a special trust fund, rather than putting that money into general revenues, as previous governments have done.

The industry is investing more than \$1 billion in Ontario this year, much of it to develop specialty lumber and wood products that make better use of the forest resource. More than 4,300 direct and indirect jobs will be created by these value-added industries, mainly in Northern Ontario.

In agriculture, the FarmPLUS program is earmarking funds at local credit unions and caisses populaires for farm loans and mortgages. This innovative way for rural communities to support their own growth has made \$30 million available to Ontario's farmers.

Our industrial support programs are providing customized assistance to smaller innovative and growing companies. Almost 400 firms have been assisted by this new service. These firms expect to increase employment by 14,000 jobs over three years. And we are assisting the growth of green industries by providing technical support and assistance in commercializing environmentally friendly technologies.

**ONTARIO HYDRO:  
THE LARGEST CORPORATE RESTRUCTURING IN CANADIAN HISTORY**

This Government has worked closely with Ontario Hydro to turn around a long history of escalating costs and rising debt, bringing to an end almost two decades of unrelenting rate increases to consumers.

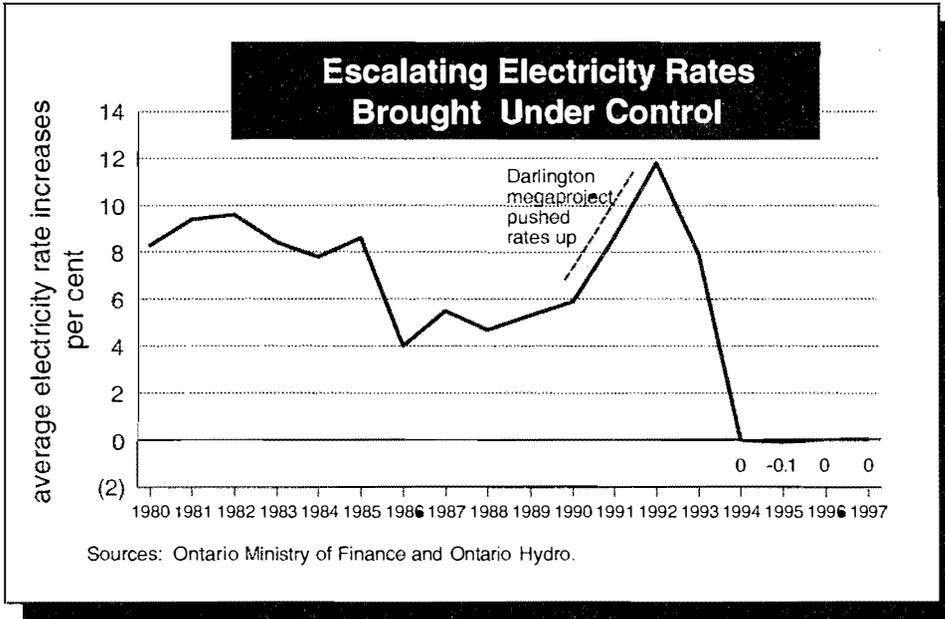
Ontario Hydro is undergoing the largest corporate restructuring in Canadian history. This restructuring is essential to control electrical rates and ensure that Ontario industries get power at reasonable cost to help them be competitive. The result will be a more business-like, flexible and responsive Hydro.

The vigorous cost-control measures in the corporate restructuring plan and the introduction of a flexible rate structure allowed Hydro to freeze rates in 1994 and 1995, and to reduce rates for large industrial customers by 0.7 per cent in 1995. There will be no increase in rates through 1997, and Hydro is proposing a further reduction in the industrial rate of 1.4 per cent in 1996. This is the first time in three decades that Hydro's largest users will get some relief on their rates — improving the competitive position of Ontario firms.

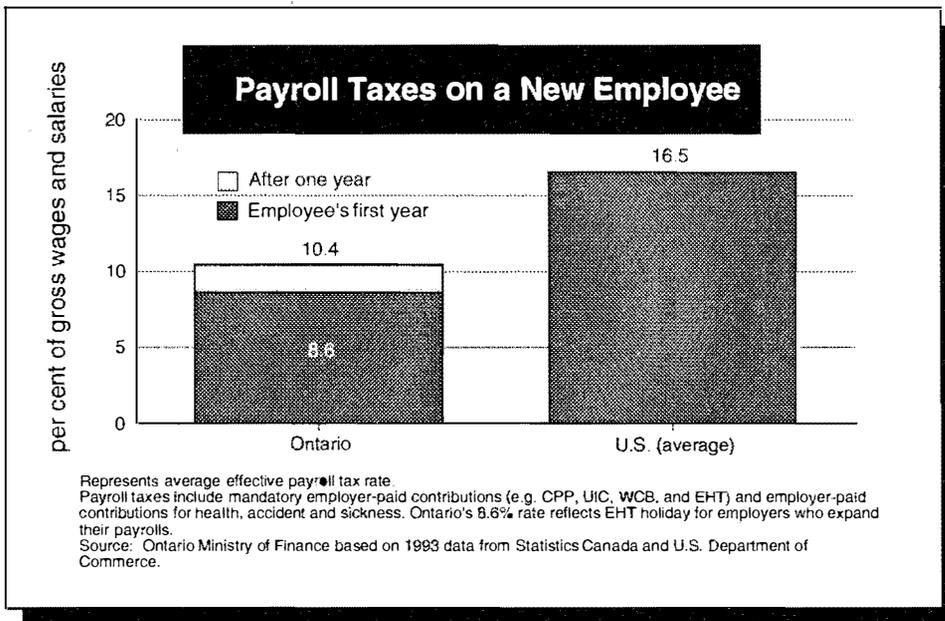
The restructuring has involved:

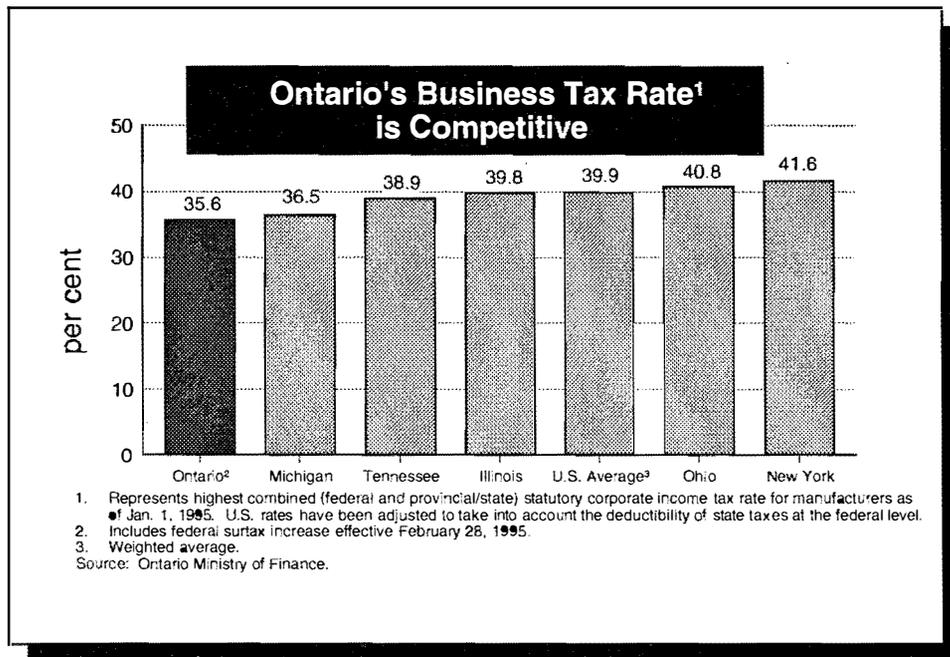
- ▶ scrapping plans for more costly mega-projects — decisions by previous governments to build the Darlington nuclear mega-project were largely responsible for rate increases of over 30 per cent in the early 1990s.
  - ▶ reducing the size of Ontario Hydro by almost a third — within a year, there will be 8,000 fewer Hydro employees than in 1992. This downsizing has been achieved largely through voluntary exit programs to ease the adjustment for staff.
  - ▶ becoming more efficient and more responsive to customers — the Hydro bureaucracy has been streamlined and there is a new climate that encourages staff initiative and efficiency. The new flexible rate structure allows Hydro to respond better to the needs of its industrial consumers.
  - ▶ getting the debt under control — Hydro's financial situation and outlook have improved significantly. Net income in 1994, before one-time restructuring charges, was \$855 million, a dramatic turnaround from previous years. Debt levels peaked in 1992 and will fall by an estimated \$4.6 billion by 1997. These estimates assume no growth in electricity sales.
-

Our Government has worked closely with Ontario Hydro to turn around a long history of escalating costs and rising power rates. As a result, electricity rates for consumers and businesses have not increased since 1993, and there will continue to be no increases through at least 1997.



We are working with business to identify ways to reduce the paperwork burden for employers through new technology, and to clear the path for new business and job creation. And we have lowered taxes to keep Ontario's businesses competitive.





### Bringing Social and Economic Policy Together

During the recession, our Government introduced **jobsOntario Training** to help get more Ontarians off welfare and into the workforce.

In partnership with 42,000 private-sector employers, **jobsOntario Training** will have created over 90,000 job opportunities for out-of-work Ontarians by the end of 1995-96. This program puts people into steady jobs with average wages of \$21,000 a year. It gives them skills training that improves their future prospects. When we surveyed those who got work through **jobsOntario Training**, about 80 per cent were still in those jobs several months after the one-year training credit had ended.

Nearly half the Ontarians in the **jobsOntario Training** program used to be on welfare. As a result of getting these people off welfare and into jobs, **jobsOntario Training** will save taxpayers \$420 million in welfare costs. And there will be a return on this investment for years to come as people who were receiving welfare become taxpayers instead.

Now that the recession is over, we are taking new steps to bring the social assistance caseload down. Our new investments in youth employment mean that more young people will be receiving

a pay cheque instead of a welfare cheque. And to build on the success of **jobsOntario Training**, we have introduced **jobLink** to help people on social assistance get back to work. The federal government has withdrawn from cost-sharing of **jobLink** after only one year. The Province will continue to fund this innovative program that helps people on welfare get employment counselling, training and jobs. And as with **jobsOntario Training**, there will be substantial returns on this investment through lower welfare costs.

The social assistance caseload has dropped by more than 16,000 over the last 12 months. During the boom years of the 1980s, under the previous government, the average annual social assistance caseload never went down. Now that the economy is growing strongly again, this Government is going to ensure that the caseload keeps going down — by actively helping people to get off welfare and into a job, and by continuing to tighten administration and enforce tough measures against fraud.

### **The Largest Public Investments in Ontario's History**

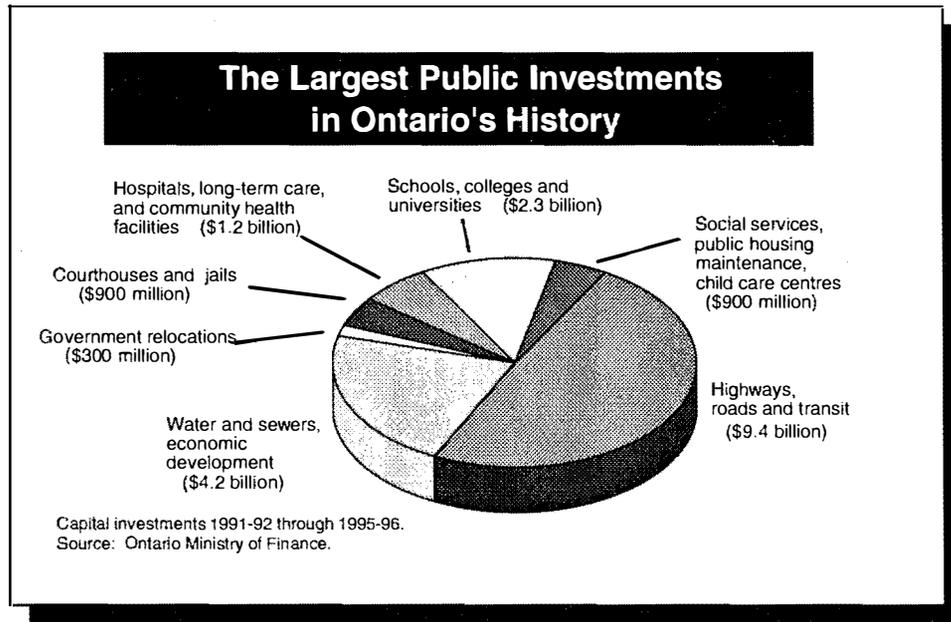
Our plan for this year includes \$4.4 billion in capital investments. This represents the largest single-year investment in public infrastructure in the province's history. It brings the total investment in long-term public assets to more than \$19 billion since 1991-92.

This was a clear choice we made — to invest in Ontario's future. We believe that it was the right choice.

Across this province, we have invested in the roads, water and sewer systems and transit lines that make Ontario a good place to do business. We have invested in the schools, hospitals, colleges, universities and community centres that make Ontario a good place to live and raise a family.

Our capital investments are helping to lead the economic redevelopment and renewal of communities like St. Catharines, Windsor, Peterborough, Oshawa and Sault Ste. Marie.

The new super-highway across the top of Toronto — Highway 407 — will spur growth in the Greater Toronto Area (GTA) by making the transport of goods and services faster and easier. The first section will be opened a year from now.



Highway 407 illustrates what can be accomplished when government and the private sector work together to find innovative solutions. Our new approach to financing and building the 407 means that it will be completed 20 years ahead of the schedule set by the previous government.

Over the rest of the decade, we will complete Highway 407, and build four new subway lines and a new trade centre in Metro Toronto. These massive projects are part of the economic revitalization of the GTA, which is home to half of Ontario's economy. We have also initiated a major review of how governments can work together in the GTA to contribute to that revitalization.

We have introduced new ways of planning and financing capital investments. Through a new budgeting system, last year we started to pay down the capital debt, both interest and principal, out of operating spending, rather than letting it accumulate and grow over time. We will make \$229 million in payments on those assets this year in the same way that homeowners make payments on their mortgages.

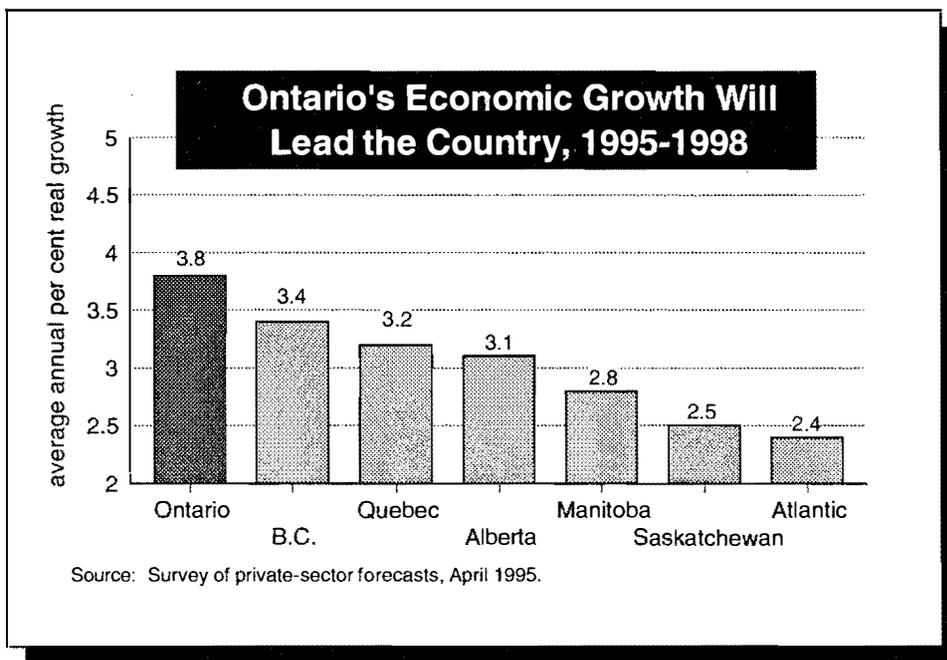
The economic payoff from these investments is not just in today's construction jobs, but in the foundation for sustainable future growth.

## OUR PLAN IS WORKING — AND IT DOESN'T STOP HERE

This Government still has more to do.

Over the next several years, the economic outlook shows that Ontario will continue to lead the country in growth and job creation.

Total employment in Ontario is expected to grow by 115,000 jobs in 1995, with an additional 380,000 jobs in the following three years. This outlook is consistent with private-sector forecasts. The Ontario economy will create nearly 800,000 new jobs by the end of the century.



With sound economic management, I believe the economy is capable of doing even better. Our Government will keep working with our partners to create an environment for sustainable growth and job creation.

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### Lower Interest Rates Would Give Ontarians More Spending Power

This Government believes interest rates are higher than they need to be. If real interest rates came down by just one percentage point and stayed down, it would mean:

- ▶ 140,000 more jobs for Ontarians over the next three years;
- ▶ higher purchasing power of about \$3,000 for a family of four; and
- ▶ a further cut of about \$2 billion in Ontario's deficit by 1998.

Letting real interest rates fall only slightly — by one percentage point — would give Ontarians the equivalent of a 42 per cent reduction in Ontario personal income taxes or a 20 per cent reduction in the overall level of provincial taxes. Lower interest rates would also help to reduce the deficit — unlike tax cuts, which would raise the deficit.

The Bank of Canada seems determined to push interest rates up at any sign of strong and sustained economic growth. Real interest rates are now running about two percentage points higher than they were through much of 1994. And real rates of interest in Canada are the highest of any of the G-7 countries. The Bank's policies are already having a dampening effect on the economy and jobs. Housing starts have fallen off because mortgage rates have risen again, and consumer confidence has dropped.

Ontario has been through the worst recession in half a century. The Bank must not choke off growth now. Unemployment is still too high; there is untapped productivity and unused output potential in our economy

Our Government is not asking the Bank to abandon its fight against inflation. We simply want the Bank to adopt a moderate approach on interest rates. It is important to keep inflation in check. It is also important not to let the dollar fall too low. But underlying inflation is at the low end of the Bank's target range, and the dollar has stabilized. Canada's international borrowing needs do not justify higher real interest rates.

Cutting deficits requires both spending cuts and solid economic growth. Our Government has put in place the toughest spending controls in 50 years. We have continued to support jobs and sustainable growth.

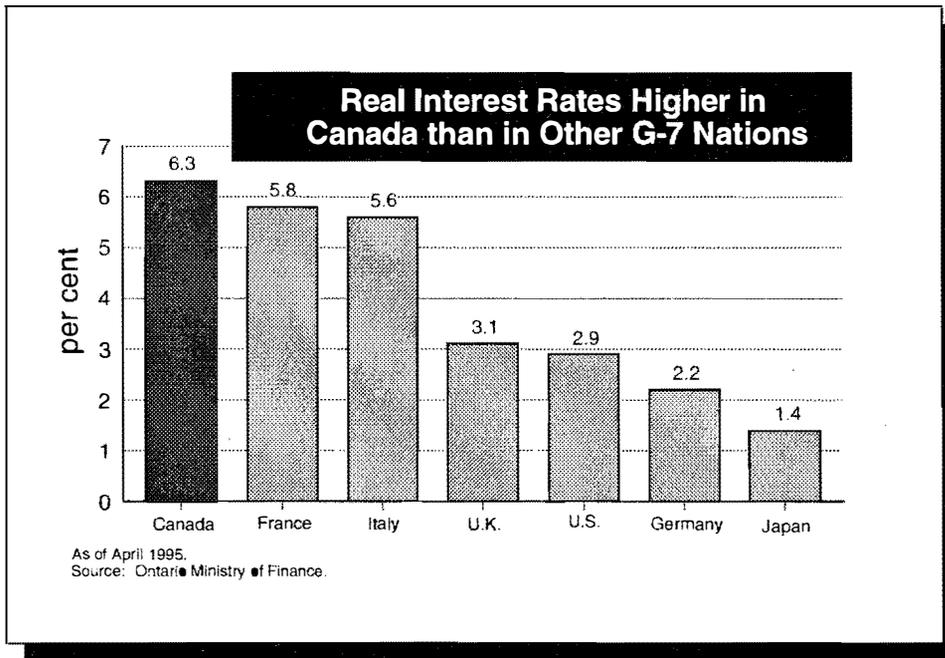
We are going to balance our operating deficit two years from now in 1997 — with or without the help of the Bank of Canada. The effect of real interest rates near current levels has been factored into our fiscal plan. But we could cut the deficit faster if interest rates were moderated.

The Martin budget's spending cuts and tax increases amount to 1.5 per cent of GDP. A modest monetary stimulus could offset the dampening effects of the federal budget on the economy, help create growth and jobs, and bring the federal deficit down faster.

An Ontario Ministry of Finance technical paper called "The Role for Monetary Policy in Supporting Job Creation and Deficit Reduction" outlines how monetary policy could play a constructive role in helping to strengthen the Canadian economy.

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But we cannot do it alone. I am deeply concerned by the continued rise in interest rates that began last fall. There are some signs that it has already begun to slow economic growth and job creation. At a time when inflation is low, unit labour costs are flat, and government deficits are falling, it is imperative that the Bank of Canada not choke off the economic recovery. Canada cannot afford to repeat the mistakes that caused the last recession.



### Helping 66,000 More Young People Get Their First Job

Our young people were among those most affected by the recession. They are the strength of our future labour force. But they often have trouble getting that important first job. While youth unemployment has been dropping, young people have told us one of the hardest things is to get a foot in the door if you don't have experience.

Getting youth off to a good start in the labour force will pay economic and social dividends many years into the future. That's why we are launching **JUMPstart** on September 1.

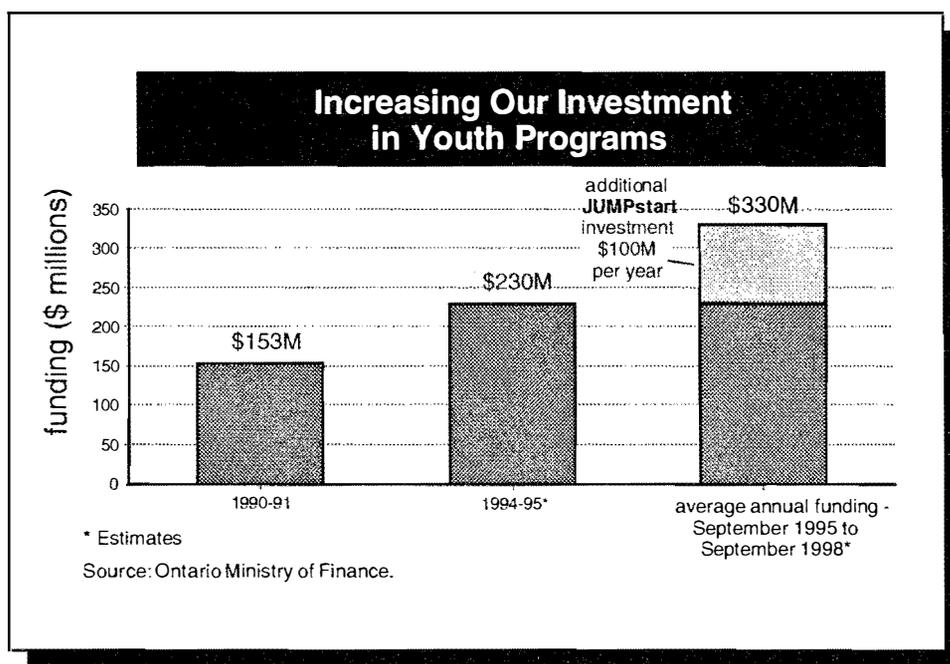
**JUMPstart** will help 66,000 more of our young people get that first job. It will help young people get started, get training and get jobs. **JUMPstart** pulls together all our existing youth training and

## 1995 ONTARIO BUDGET PLAN

employment initiatives; it will expand and improve what's working well; it will add new initiatives where there are gaps; it will make it easier for young people and employers to get access to the help they need.

All of the initiatives, whether they are providing job market information or training opportunities or work experience, are directed to one goal — helping young people get jobs.

We will add \$300 million to our planned investments in youth over the next three years, bringing the total to \$1 billion. *JUMPstart* is the largest and most comprehensive youth training and employment initiative of any province in Canada — and the largest youth initiative ever undertaken by Ontario.



*JUMPstart* is unique in North America in that it will be directed by a partnership of employers, unions, communities and government through the Ontario Training and Adjustment Board (OTAB). OTAB will ensure that *JUMPstart* is effective and efficient and easy for young people and employers to access.

*JUMPstart* will help young people who have recently graduated and are having trouble getting that first job. It will also help youth with special labour market needs, such as those who have dropped out of school or who are on welfare. By helping almost 25,000 young welfare recipients get job placements,

**JUMPstart** will generate long-term savings to the taxpayer by reducing the cost of social assistance.

And we will pay for **JUMPstart** without increasing the Government's overall spending.

### **Dealing with the Martin Cuts**

This Government has continued to invest in people, in services, and in public assets in a balanced way that strengthens and builds upon the values that we cherish.

Those values have come under attack in the Martin budget. The people of Ontario have told us that they believe in fairness. They are proud of Canada's medicare system — one that looks after everyone, rich and poor alike. They want their children to have the best education in the world and a secure future.

Our Government is determined to maintain those values — and those services.

I want to tell the people of Ontario what kind of threat the Martin budget poses.

It will cost the Province \$160 million in 1995-96 alone. To meet these cuts, our budget plan requires every ministry to cut its planned spending, primarily on internal overhead costs. It will be tough, but we will do it.

But those cuts are just the beginning. The Martin budget requires further cuts of \$1.4 billion in 1996-97 and \$2.2 billion in 1997-98 just to offset the reductions in major federal transfers. This will be far tougher.

The decisions on how to manage these cuts are too important and too far-reaching to be left to politicians alone. We must talk to the people of Ontario. They are the ones who use the services and pay the bills.

We are not going to wish this challenge away, as some would do. Nor will we promise irresponsible tax cuts that Ontarians know we cannot afford. Instead, we are going to redesign our services to sustain them for future generations. We are going to continue and accelerate the reengineering of government to make it even more affordable.

## 1995 ONTARIO BUDGET PLAN

Ultimately, it's government's job to make the decisions. We will make them — but not before we have given the people of Ontario a chance to make some broad choices. Ontarians will have an opportunity to reflect on the options and voice an opinion.

Together, we will find a made-in-Ontario solution for our needs — not something imported or imposed by the federal government.

The Bob Rae Government will approach the consultation with these three basic principles:

- ◆ Medicare, education for our children, and services for those who are most vulnerable must be protected.
- ◆ Whatever choices are made, we must continue to support jobs and sustainable economic growth.
- ◆ We must meet the fiscal targets set out in this Budget Plan while holding the line on taxes.

A Minister will be appointed whose sole responsibility will be to lead the project for the Government. Five panels, with membership drawn from communities of interest and ordinary citizens, will be set up to examine health and social services, economic development, justice, education and community life. And the Premier's Council will serve as an advisory panel.

Across Ontario, town hall meetings will be held to share information with people and get their views. The most advanced technology will be used to communicate effectively and inexpensively with all Ontarians.

Interest groups will not be allowed to dominate. This discussion belongs to **all** the people.

The public debate will be the first step in the process. After discussions are completed, the five panels will provide options and recommendations, and the Government will prepare an overall package of proposed solutions. Legislation will be put before the Legislature by November 1. It will be debated across the province and solutions will be finalized and made into law by the end of 1995.

Together with Ontarians, we will develop a fair and balanced package of solutions that keeps us to the targets in our fiscal plan.

## A Balanced Operating Budget in 1997

Our medium-term fiscal plan will bring the operating budget into surplus in 1997, two years from now. That is a year ahead of schedule. The operating deficit of \$3.9 billion in 1995-96 will fall to \$2.3 billion in 1996-97, and become a \$200 million surplus in 1997-98.

<b>Medium-Term Fiscal Plan (\$ Billions)</b>	<b>Table 3</b>		
	<b>1995-96</b>	<b>1996-97</b>	<b>1997-98</b>
Revenue	48.4	49.6	51.6
Operating Expenditure:			
Programs	43.5	42.5	41.7
Capital Debt Servicing	0.2	0.3	0.5
Public Debt Interest	8.6	9.1	9.2
Total	52.3	51.9	51.4
<b>Operating Surplus/(Deficit)</b>	<b>(3.9)</b>	<b>(2.3)</b>	<b>0.2</b>
Capital Expenditure*	1.9	1.6	1.6
<b>Budgetary Requirements</b>	<b>(5.8)</b>	<b>(3.9)</b>	<b>(1.4)</b>
<b>Fiscal Indicators (per cent)</b>			
Revenue Growth	6.2	2.5	4.0
Nominal GDP Growth	6.2	4.9	5.8
Program Spending Growth	(0.4)	(2.2)	(1.9)
Ontario CPI	2.2	1.8	1.9
Budgetary Requirements as % of GDP	1.8	1.2	0.4
* Capital Expenditures exclude investments using alternative capital financing of \$2.0 billion in 1995-96 and \$2.1 billion in 1996-97 and 1997-98. Capital Debt Servicing noted above provides for both interest and principal repayments of alternative capital financing, resulting in the retirement of debt totalling \$32.7 million in 1995-96, \$53.0 million in 1996-97 and \$76.9 million in 1997-98.			

Let me emphasize that we will have a surplus in our operating budget in 1997 no matter what basis of accounting is used. I promised to provide a comparison of our budget figures with figures produced under the new accounting basis recommended by the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants. This method of accounting accrues and consolidates revenues and expenditures differently than our Budget Plan. I am providing such a comparison in the appendix to this Budget Plan.

Whichever way you look at it, our deficit has fallen every year since 1992, and we will achieve an operating surplus in 1997. In

## 1995 ONTARIO BUDGET PLAN

fact, the operating surplus in 1997 using the Board's recommended accounting methods is estimated to be larger, at \$1.1 billion.

The job is not over in 1997, however. When times are good, we must pay down the debt. We are not going to make the mistake of the government that preceded us. And we are not going to make the problem worse by promising irresponsible tax cuts.

### **Universal Medicare for All Canadians**

The challenge that the federal government has set for us is not just to absorb \$3.6 billion in cuts to medicare, education and social services — it is to fight to save universal medicare. Make no mistake — the Martin cuts are the first steps towards dismantling universal medicare.

A previous federal government passed the *Canada Health Act* to ensure that there were national standards that could be enforced through financial penalties. The block-fund scheme will put an end to the federal government's ability to enforce standards across the country. Within 15 years, there may be no more cash payments flowing to some provinces for medicare. With no financial stake in the system, the federal government will be powerless to stop the disintegration of our national medicare program.

In Ontario, we will continue to fight on behalf of Ontarians and Canadians to preserve the public services and standard of living that our people have worked hard to build.

Ontarians can count on the Government of Premier Bob Rae to be at the federal-provincial table, fighting to save medicare.

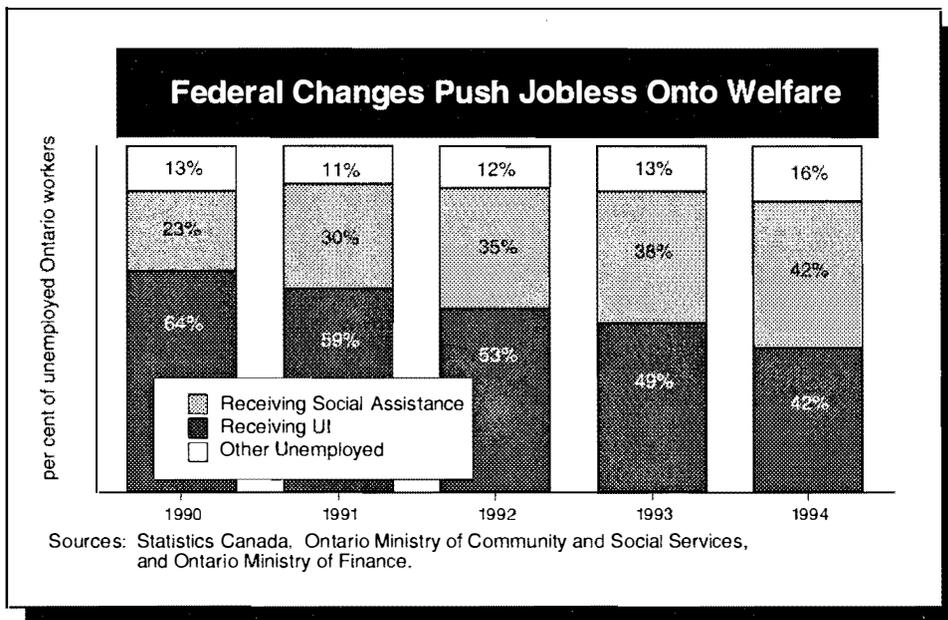
### **Fair Treatment for Ontarians**

We will also keep fighting the unfair deal that Ontarians are getting from their federal government. By treating the people of Ontario unfairly, the federal government is weakening the ties that bind us together as a country.

The growth in the federal government's equalization payments to other provinces — at a time when transfers to Ontario are being cut — is helping them bring their deficits down. Some provinces could not have balanced their budgets this year without the growth in equalization.

Ontarians have always supported equalization as part of nation-building. And we have kept our side of the bargain, even through a recession that hit Ontario the hardest.

Yet when the recession hit, the federal government turned its back on Ontarians who were out of work. It introduced new rules that forced Ontarians off of Unemployment Insurance (U.I.) and on to social assistance. In 1990, nearly two-thirds of jobless Ontarians received U.I. By 1994, only about 40 per cent of the unemployed in Ontario got U.I. And during the same period, the federal government reduced its share of support for Ontarians who need welfare.



And now the Martin budget tells Ontarians, who make up 38 per cent of Canada’s population, that they should bear 54 per cent of the overall reductions in federal transfers from 1994-95 to 1996-97 — more than all the other provinces combined.

Our Government will continue to fight for the fair share that rightfully belongs to the people of Ontario — because no Canadian should be short-changed by their federal government just because he or she lives in Ontario.

## **BALANCED LEADERSHIP THAT BUILDS ON WHAT WE VALUE**

There are two sharply different approaches to governing in Canada today.

One takes its cue from the daily pronouncements of commentators on Wall Street telling us to dismantle our public services to get the deficit down. It accepts that we must abandon the standard of living and the compassionate society that generations of Canadians have built. The federal government has bought into this approach with even more enthusiasm than its predecessor.

But there is an alternative that has a proven record of success. It is the approach that the Bob Rae Government has followed here in Ontario — the balanced plan that the people of Ontario have told us they prefer.

This approach sees an important responsibility for government in helping the economy to generate jobs and in protecting vital services, while bringing the deficit down at a steady pace.

That balanced approach has seen Ontario achieve great things. Since the recession, the deficit has been cut in half. Our partners in business, labour and the community have worked with us to create and support hundreds of thousands of jobs. We have protected public services and, by carefully focusing our resources and setting our priorities, we are making them work better.

Looking forward, our approach will mean balancing the operating budget two years from now. We will keep building partnerships to put more Ontarians back to work, extending the economic recovery so that all may benefit — including the young people who will build the economy of the future. We will keep improving services and directing resources to where they are needed most.

And Ontario must face the withdrawal of the federal government from medicare.

The people of Ontario have a choice between those two approaches. One reduces the deficit by sacrificing jobs and slashing services — in short, by attacking much of what we value in Canadian society. The other builds on what we value, keeping the economy growing, protecting key services like medicare and

education for our children, and bringing the deficit down at a steady pace while holding the line on taxes.

It is this balanced approach that the Bob Rae Government has chosen, that has seen Ontario through difficult times to today's recovery. And it is this same approach that will allow Ontario's people to thrive and prosper through the challenges to come.



## Appendices

### Appendix A: Economic Outlook

- Table A1: The Ontario Economy, 1993-1998
- Table A2: Comparison of Ministry of Finance Economic Outlook with Consensus Outlook
- Table A3: Key Economic Assumptions

### Appendix B: Fiscal Review and Outlook

- Table B1: Statement of Financial Transactions
- Table B2: Revenues
- Table B3: Operating Expenditures
- Table B4: Capital Plan
- Table B5: Financing
- Table B6: Loans and Investments
- Table B7: Ten-Year Review of Selected Financial and Economic Statistics
- Table B8: Jobs Created and Supported Through Major Initiatives
- Table B9: *JUMPstart* — Getting Started, Getting Training, Getting Jobs
- Table B10: 1994-95 Fiscal Plan Update
- Table B11: Medium-term Fiscal Plan through 1997-98
- Table B12: Medium-term Capital Plan
- Table B13: Comparison of Budget Presentation to Public Accounts Presentation
- Tables B14 and B15: Social Contract Savings

## 1995 ONTARIO BUDGET PLAN

<b>The Ontario Economy, 1993-1998 (Per cent change)</b>	<b>Table A1</b>					
	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>
<b>Real Gross Domestic Product (\$1986)</b>	<b>2.1</b>	<b>5.3</b>	<b>4.5</b>	<b>3.1</b>	<b>3.8</b>	<b>3.7</b>
Consumption	1.5	3.4	3.0	2.5	2.8	3.0
Government	-0.7	-1.6	-1.9	-2.7	-2.1	-0.4
Residential Construction	-10.1	5.8	-3.5	6.0	5.3	7.1
Non-residential Construction	-35.4	-3.7	2.0	4.1	4.6	4.9
Machinery and Equipment	13.0	11.8	9.3	5.0	7.0	6.9
Exports	7.9	13.9	15.7	5.0	5.4	4.9
Imports	6.1	11.5	13.1	4.5	4.2	4.2
<b>Nominal Gross Domestic Product</b>	<b>2.6</b>	<b>5.7</b>	<b>6.2</b>	<b>4.9</b>	<b>5.8</b>	<b>5.9</b>
<b>Other Economic Indicators</b>						
Retail Sales <sup>1</sup>	3.8	6.7	6.1	4.6	4.8	5.0
Housing Starts - Units (000s)	45.1	46.6	45.0	58.0	65.0	69.0
Personal Income	1.7	2.3	4.5	4.5	4.6	4.7
Corporate Profits	13.9	63.8	33.1	10.0	9.0	7.0
<b>Consumer Price Index</b>						
Canada	1.8	0.2	2.1	1.9	2.0	2.1
Ontario	1.7	0.1	2.2	1.8	1.9	2.0
<b>Labour Market</b>						
Labour Force	1.5	0.3	1.1	2.0	2.0	2.2
Employment	1.8	1.4	2.2	2.2	2.3	2.6
Unemployment Rate (%)	10.6	9.6	8.6	8.4	8.1	7.8

<sup>1</sup> GST excluded

Sources: Statistics Canada and Ontario Ministry of Finance.

## ECONOMIC OUTLOOK

**Comparison of Ministry of Finance Economic Outlook with  
Consensus Outlook, 1995-1998**

**Table A2**

Per Cent Growth	Ministry of Finance Forecast	Consensus Forecast <sup>1</sup>
Real GDP	3.8	3.8
Employment	2.3	2.4
CPI Inflation	2.0	1.9

<sup>1</sup> Survey of private -sector forecasters, April 1995.

**Key Economic Assumptions  
(Annual average, per cent)**

**Table A3**

	1995	1996	1997	1998
90-Day T-Bill Rate	7.9	7.3	6.1	5.6
10-Year Government of Canada Bond	8.9	8.5	7.9	7.6
Exchange Rate (¢ US)	71.8	73.5	74.5	75.9
U.S. Real GDP Growth	3.2	2.2	2.0	2.3

Sources: Ontario Ministry of Finance and Blue Chip Economic Survey

## 1995 ONTARIO BUDGET PLAN

<b>Statement of Financial Transactions (\$ Millions)</b>	<b>Table B1</b>		
<b>Operating Account</b>	<b>1993-94</b>	<b>Interim 1994-95</b>	<b>Plan 1995-96</b>
<b>Revenue</b>	44,077	45,589	48,397
<b>Operating Expenditure</b>			
Programs	43,806	43,679	43,494
Capital Debt Servicing	-	106	229
Public Debt Interest	6,959	7,880	8,600
Total	50,765	51,665	52,323
<b>Surplus (Deficit)</b>	(6,688)	(6,076)	(3,926)
<b>Capital Expenditure</b>	<b>2,590</b>	<b>2,020</b>	<b>1,900</b>
<b>Increase(Decrease) in Budgetary Requirements</b>	(9,278)	(8,096)	(5,826)
<b>Financing:</b>			
Debt Issues - Net (Table B5)	11,470	9,297	7,600
POSO and Other Liabilities (Net) (Table B5)	107	127	250
<b>Net Financing (Table B5)</b>	11,577	9,424	7,850
Net Loan Repayments (Issues) (Table B6)	(1,211)	(1,695)	(2,024)
(Increase) Decrease in Cash	(1,088)	367	0
Transfer to Capital Account	(2,590)	(2,020)	(1,900)
<b>Increase (Decrease) in Accumulated Operating Deficit</b>	<b>6,688</b>	<b>6,076</b>	<b>3,926</b>

## FISCAL REVIEW AND OUTLOOK

<b>Revenues</b>		<b>Table B2</b>		
<b>(\$ Millions)</b>		<b>Actual</b>	<b>Interim</b>	<b>Plan</b>
		<b>1993-94</b>	<b>1994-95</b>	<b>1995-96</b>
<b>Taxation</b>	Personal Income Tax <sup>1</sup>	14,313	14,344	16,010
<b>Revenue</b>	Retail Sales Tax	8,014	9,048	9,630
	Corporations Tax	3,107	4,132	5,090
	Employer Health Tax	2,645	2,668	2,610
	Mining Profits Tax	85	90	80
	Gasoline Tax	1,900	1,944	2,000
	Fuel Tax	464	505	525
	Tobacco Tax	773	324	345
	Land Transfer Tax	322	365	370
	Race Tracks Tax	77	85	85
	Other Taxation	118	112	90
		31,818	33,617	36,835
<b>Other</b>	LCBO Profits	585	630	640
<b>Revenue</b>	Vehicle/Driver Registration Fees	737	740	665
	LLBO Fees, Licences and Permits	522	533	535
	Other Fees and Licences	661	667	675
	Lottery Profits	564	600	625
	Royalties	225	244	201
	Sales and Rentals	1,155	372	82
	Fines and Penalties	113	145	166
	Recoveries	260	87	117
	Reimbursements	136	163	125
	Miscellaneous	175	254	465
		5,133	4,435	4,296
<b>Payments</b>	Established Programs Financing	3,824	3,964	3,835
<b>from the</b>	Canada Assistance Plan	2,421	2,677	2,507
<b>Federal</b>	National Training Act	78	76	56
<b>Government</b>	Bilingualism Development	60	80	63
	Young Offenders	60	83	63
	Vocational Rehabilitation	68	68	66
	Fiscal Stabilization	227	184	–
	Canada-Ontario Infrastructure Works	–	75	287
	Other	388	330	389
		7,126	7,537	7,266
<b>Total</b>		<b>44,077</b>	<b>45,589</b>	<b>48,397</b>

<sup>1</sup> Net of tax credits of \$920 million in 1993-94, \$960 million in 1994-95 and \$980 million in 1995-96.

## 1995 ONTARIO BUDGET PLAN

<b>Operating Expenditures</b>		<b>Table B3</b>		
<b>(\$ Millions)</b>				
		<b>Actual</b>	<b>Interim</b>	<b>Plan<sup>1</sup></b>
		<b>1993-94</b>	<b>1994-95</b>	<b>1995-96</b>
<b>Ministry</b>	Agriculture, Food and Rural Affairs	515	407	450
	Attorney General	756	742	715
	Board of Internal Economy	136	141	146
	Citizenship	69	69	85
	Community and Social Services	9,083	9,271	8,979
	Consumer and Commercial Relations	175	154	156
	Culture, Tourism and Recreation	399	379	382
	Economic Development and Trade	346	380	288
	Education and Training	8,924	8,755	8,968
	Environment and Energy	332	254	244
	Executive Offices	12	12	14
	Finance – Own Account	457	431	400
	Contingency Fund	–	–	211
	Public Debt Interest <sup>2</sup>	6,959	7,880	8,600
	BPS Restructuring	–	4	79
	Francophone Affairs, Office of	3	3	3
	Health	17,448	17,702	17,744
	Housing	1,035	1,103	1,154
	Intergovernmental Affairs	7	6	6
	Labour	180	150	154
	Management Board Secretariat	553	569	628
	Municipal Affairs	830	776	789
	Native Affairs Secretariat	14	18	18
	Natural Resources	505	480	485
	Northern Development and Mines	70	66	68
	Solicitor General and Correctional Services	1,168	1,130	1,144
	Transportation	766	761	791
	Women's Issues, Office Responsible for	23	22	22
	Expenditure Savings and Constraints	–	–	(400)
<b>Total</b>		<b>50,765</b>	<b>51,665</b>	<b>52,323</b>

1 Includes a reduction of \$160 million due to transfer reductions in 1995 Federal Budget.

2 Netted against Interest on Investment

FISCAL REVIEW AND OUTLOOK

**Capital Plan** **Table B4**  
 (\$ Millions)

<b>Ministry</b>	<b>Actual 1993-94</b>	<b>Interim 1994-95</b>	<b>Plan 1995-96</b>
<b>Budgetary</b>			
Agriculture, Food and Rural Affairs	13	10	13
Attorney General	3	4	4
Citizenship	8	7	8
Community and Social Services	78	72	68
Culture, Tourism and Recreation	43	36	28
Economic Development and Trade	84	112	127
Education and Training	16	16	7
Environment and Energy	159	59	68
Finance			
Economic Development	3	1	–
Canada-Ontario Infrastructure Works	–	–	597
Health	79	40	45
Housing	94	53	52
Management Board Secretariat	169	130	132
Municipal Affairs	2	118	9
Native Affairs Secretariat	15	18	20
Natural Resources	95	55	50
Northern Development and Mines	209	217	181
Solicitor General and Correctional Services	5	2	4
Transportation	1,515	1,070	774
In-Year Savings	–	–	(287)
<b>Sub-Total</b>	<b>2,590</b>	<b>2,020</b>	<b>1,900</b>
<b>Non-Budgetary</b>			
Loan Based:			
Culture, Tourism & Recreation	–	–	4
Education and Training			
• Colleges and Universities	124	102	96
• School Boards	273	284	300
• Canada-Ontario Infrastructure Works <sup>1</sup>	–	–	50
Health Facilities	150	173	163
<b>Crown Corporations</b>			
Clean Water Agency	65	217	246
Ontario Realty Corporation	6	119	213
Transportation Capital Corporation	238	701	1,041
In-Year Savings	–	–	(113)
<b>Sub-Total</b>	<b>856</b>	<b>1,596</b>	<b>2,000</b>
<b>Total Provincial Capital Plan</b>	<b>3,446</b>	<b>3,616</b>	<b>3,900</b>
<b>Project Specific</b>			
Highway 407	–	219	388
Metro Convention Centre	–	22	65
<b>Sub-Total</b>	<b>–</b>	<b>241</b>	<b>453</b>
<b>Total Provincial Capital Investment</b>	<b>3,446</b>	<b>3,857</b>	<b>4,353</b>

1. There were \$150 million in expenditures from the Canada-Ontario Infrastructure Works Program in 1994-95. The distribution was as follows: \$109 million in the Ministry of Municipal Affairs, \$27 million in the Ministry of Northern Development and Mines, and \$14 million in the Ministry of Education and Training.

1995 ONTARIO BUDGET PLAN

<b>Financing (\$ Millions)</b>	<b>Table B5</b>		
	<b>Actual 1993-94</b>	<b>Interim 1994-95</b>	<b>Plan 1995-96</b>
<b>Debt</b>			
Issues:	12,848	10,332	8,950
Retirements:			
Canada Pension Plan	(607)	(702)	(784)
Ontario Teachers' Pension Fund	(251)	(64)	(198)
Public Service Pension Fund	(106)	(95)	(92)
OPSEU Pension Trust	-	(10)	(43)
Ontario Municipal Employees Retirement Fund	(130)	(149)	(182)
Public	-	(3)	(40) <sup>1</sup>
Other	(284)	(12)	(11)
	<u>(1,378)</u>	<u>(1,035)</u>	<u>(1,350)</u>
<b>Net Debt Issues</b>	<b>11,470</b>	<b>9,297</b>	<b>7,600</b>
Province of Ontario Savings Office - Net Deposits	(22)	32	191
Other Liabilities - Net	129	95	59
<b>Net Financing</b>	<b>11,577</b>	<b>9,424</b>	<b>7,850</b>

<sup>1</sup> Public Retirements in 1995-96 excludes \$435 million of debt with retirement options redeemable in 1995-96.

**FISCAL REVIEW AND OUTLOOK**

**Loans and Investments** **Table B6**  
 (\$ Millions)

	<b>Actual 1993-94</b>	<b>Interim 1994-95</b>	<b>Plan 1995-96</b>
<b>Repayments</b>			
Corporations, Boards and Commissions	90	257	134
Water Treatment & Waste Control Facilities	532	19	12
Tile Drainage Debentures	16	14	13
Other	46	20	16
	684	310	175
<b>Issues</b>			
Corporations, Boards and Commissions	1,832	1,976	2,173
Water Treatment & Waste Control Facilities	55	18	15
Tile Drainage Debentures	8	11	11
	1,895	2,005	2,199
<b>Net Repayments (Issues)</b>	<b>(1,211)</b>	<b>(1,695)</b>	<b>(2,024)</b>

## 1995 ONTARIO BUDGET PLAN

### Ten-Year Review of Selected Financial and Economic Statistics (\$ Millions)

	1986-87	1987-88	1988-89	1989-90
<b>Financial Transactions</b>				
Revenue	29,215	32,158	36,991	41,225
Programs	26,166	28,548	31,435	33,926
Capital Debt Servicing				
PDI	3,210	3,476	3,767	3,817
Operating (Deficit) Surplus	(161)	134	1,789	3,482
Capital Expenditure	2,473	2,623	3,268	3,392
Budgetary (Requirements) Surplus	(2,634)	(2,489)	(1,479)	90
Net Financing	2,199	1,878	2,033	242
Provincial Purpose Debt <sup>1</sup>	35,103	36,981	39,014	39,256
Gross Domestic Product (GDP) at Market Prices	202,710	223,862	252,946	273,070
Personal Income	169,294	186,085	207,287	227,293
Population – July following year end (000s)	9,685	9,884	10,151	10,341
Total Debt per Capita (dollars)	3,624	3,742	3,843	3,796
Personal Income per Capita (dollars)	17,480	18,827	20,420	21,980
Expenditure as a per cent of GDP	15.7	15.5	15.2	15.1
Public Debt Interest as a per cent of Revenue	11.0	10.8	10.2	9.3
Total Debt as a per cent of GDP	17.3	16.5	15.4	14.4
<b>Cumulative Net Borrowing for Ontario Hydro</b>				
U.S.	6,667	6,033	5,692	5,150
C.P.P.	1,119	1,508	2,097	2,748
Contingent Liabilities (mainly Ontario Hydro)	17,603	18,595	20,559	21,490

<sup>1</sup> Excludes borrowing for Ontario Hydro and all contingent liabilities.

FISCAL REVIEW AND OUTLOOK

Table B7

1990-91	1991-92	1992-93	1993-94	Interim 1994-95	Plan 1995-96
42,892	40,753	41,807	44,077	45,589	48,397
38,924	43,613	45,350	43,806	43,679	43,494
				106	229
3,776	4,196	5,293	6,959	7,880	8,600
192	(7,056)	(8,836)	(6,688)	(6,076)	(3,926)
3,221	3,874	3,592	2,590	2,020	1,900
(3,029)	(10,930)	(12,428)	(9,278)	(8,096)	(5,826)
3,001	10,826	15,524	11,577	9,424	7,850
42,257	53,083	68,607	80,184	89,608	97,458
272,768	272,119	275,916	283,077	299,162	317,579
238,752	245,357	248,035	252,199	257,933	269,656
10,472	10,646	10,813	10,928	11,132	11,318
4,035	4,986	6,345	7,337	8,049	8,611
22,799	23,047	22,939	23,078	23,170	23,825
16.8	19.0	19.7	18.8	17.9	17.1
8.8	10.3	12.7	15.8	17.3	17.8
15.5	19.5	24.9	28.3	30.0	30.7
5,049	4,185	3,969	1,789	1,088	N/A
2,748	2,748	2,748	2,748	2,748	N/A
26,009	30,369	34,657	33,990	33,804	N/A

## 1995 ONTARIO BUDGET PLAN

**Jobs Created and Supported Through Major Initiatives** **Table B8**  
**Ontario and Partners — 1991-92 to 1995-96**  
**(person-years/placements)<sup>1</sup>**

Program/Project	1991-92	1992-93	1993-94	1994-95	1995-96 Projected
<b>Anti-Recession</b>	17,000	—	—	—	—
<b>jobsOntario</b>					
<i>jobsOntarioCapital</i>		89,250	78,300	83,000	94,900
Base Capital	75,600	78,750	64,900	72,500	67,700
<i>jobsOntarioCapital Fund</i>		10,500	11,300	N/A	N/A
<i>jobsOntarioCommunity Action</i>	—	—	2,000	2,700	3,300
COIW <sup>2</sup>	—	—	—	3,800	17,100
<b>Major Projects</b>					
Highway 407	—	—	—	3,600	5,700
Metro Convention Centre	—	—	100	400	1,100
<i>jobsOntarioTraining</i> <sup>3</sup>	—	7,570	25,300	28,800	30,000
Adult Participants	—	6,548	21,050	23,040	24,000
Youth Participants	—	1,022	4,250	5,760	6,000
<i>jobsOntarioSummer Employment</i> <sup>4</sup>	12,960	20,160	20,700	23,100	23,000
<b>JUMPstart</b> <sup>5</sup>	—	—	—	—	10,100
Housing	30,200	35,800	22,700	14,300	12,700
<i>jobsOntarioHomes</i>	—	—	2,100	3,400	5,700
Other Social Housing	30,200	35,800	20,600	10,900	7,000
Windsor Casino	—	—	—	5,600	6,900
<b>Total</b>	<b>135,760</b>	<b>152,780</b>	<b>147,000</b>	<b>154,800</b>	<b>177,600</b>

**Notes:**

1. Person-years and placements based on Ontario plus partners' funding. Estimates of partners' contributions based on *jobsOntarioCapital* experience of 25 per cent of Ontario's contribution. For COIW, three levels of government contribute equal shares.
2. Canada-Ontario Infrastructure Works (COIW) Program. Shown separately, but funded by *jobsOntarioCapital Fund*.
3. Each trainee placement is for a 12-month contract period. Most jobs continue following training contract.
4. *jobsOntarioSummer Employment* includes *jobsOntario Youth*, Summer Experience, Environmental Youth Corp., NORTOP and others. Employment covers an average 8- to 12-week period.
5. The *JUMPstart* number represents incremental jobs from new investment beginning in September 1995. *JUMPstart* will also incorporate all existing youth employment initiatives currently supporting over 78,000 jobs, including youth participating in *jobsOntarioTraining* and other important programs.

Source: Ontario Ministry of Finance.

FISCAL REVIEW AND OUTLOOK

<b>JUMPstart — Getting Started, Getting Training, Getting Jobs</b>		<b>Table B9</b>		
<b>Over the Next Three Years</b>				
	<b>Job Experience*</b>		<b>Counselling and Other Services</b>	
	<b>\$ Millions</b>	<b>Number</b>	<b>\$ Millions</b>	<b>Number</b>
<b>New JUMPstart Investment</b>				
<u>Getting Started:</u>				
▶ Employment Counselling	3.6	5,850	4.4	16,650
▶ Business Loans and Advice	6.9	2,880		
▶ Employer Strategies	6.0	2,400		
<u>Getting Training:</u>				
▶ Apprenticeships	5.8	5,010	5.6	7,600
▶ Co-op Education	0.5	12,000		
<u>Getting Jobs:</u>				
▶ FUTURES	123.8	17,295		
▶ <b>jobsOntario</b> Training	103.6	12,200		
▶ Work in not-for-profit community agencies	30.1	4,980		
▶ Environmental Youth Corps	6.0	3,000		
▶ NORTOP	3.6	1,005		
<b>Total for New JUMPstart Investment</b>	<b>289.9</b>	<b>66,620</b>	<b>10.0</b>	<b>24,250</b>
Ongoing Investment in Current Youth Employment Programs	570.0	240,000	120.0	105,000
<b>Total JUMPstart Investment</b>	<b>859.9</b>	<b>306,620</b>	<b>130.0</b>	<b>129,250</b>

\* Jobs or work experience range from eight weeks to one year in duration.

1995 ONTARIO BUDGET PLAN

1994-95 Fiscal Plan Update  
(\$ Millions)

Table B10

	1994-95		In-Year Change
	Budget Plan	Interim	
Revenue	45,140	45,589	449
Operating Expenditure:			
Programs	43,412	43,679	267
Capital Debt Servicing	131	106	(25)
Public Debt Interest	7,945	7,880	(65)
Total Operating Expenditure	51,488	51,665	177
<b>Operating Deficit</b>	<b>6,348</b>	<b>6,076</b>	<b>(272)</b>
Capital Expenditure	2,200	2,020	(180)
<b>Budgetary Requirements</b>	<b>8,548</b>	<b>8,096</b>	<b>(452)</b>

## FISCAL REVIEW AND OUTLOOK

<b>Medium-Term Fiscal Plan (\$ Billions)</b>	<b>Table B11</b>		
	<b>1995-96</b>	<b>1996-97</b>	<b>1997-98</b>
Revenue	48.4	49.6	51.6
Operating Expenditure:			
Programs	43.5	42.5	41.7
Capital Debt Servicing	0.2	0.3	0.5
Public Debt Interest	8.6	9.1	9.2
Total	52.3	51.9	51.4
<b>Operating Surplus/(Deficit)</b>	<b>(3.9)</b>	<b>(2.3)</b>	<b>0.2</b>
Capital Expenditure <sup>1</sup>	1.9	1.6	1.6
<b>Budgetary Requirements</b>	<b>(5.8)</b>	<b>(3.9)</b>	<b>(1.4)</b>
<b>Fiscal Indicators (per cent)</b>			
Revenue Growth	6.2	2.5	4.0
Program Spending Growth	(0.4)	(2.2)	(1.9)
Total Operating Expenditure Growth	1.3	(0.7)	(1.1)
PDI as % of Revenue	17.8	18.3	17.9
Budgetary Requirements as % of GDP	1.8	1.2	0.4
Debt as % of GDP	30.7	31.1	30.4
Ontario CPI	2.2	1.8	1.9
Nominal GDP Growth	6.2	4.9	5.8
Debt (\$ Billion)	97.5	103.5	107.0

<sup>1</sup> Capital Expenditures exclude investments using alternative capital financing of \$2.0 billion in 1995-96 and \$2.1 billion in 1996-97 and 1997-98. Capital Debt Servicing noted above provides for both interest and principal repayments of alternative capital financing, resulting in the retirement of debt totalling \$32.7 million in 1995-96, \$53.0 million in 1996-97 and \$76.9 million in 1997-98.

<b>Medium-Term Capital Plan (\$ Billions)</b>	<b>Table B12</b>		
	<b>1995-96</b>	<b>1996-97</b>	<b>1997-98</b>
Budgetary	1.9	1.6	1.6
Non-Budgetary	2.0	2.1	2.1
<b>Total Capital Plan</b>	<b>3.9</b>	<b>3.7</b>	<b>3.7</b>
Project Specific Investments	0.5	0.5	0.3
<b>Total Capital Investments</b>	<b>4.4</b>	<b>4.2</b>	<b>4.0</b>

Note: Medium-term capital plan includes both the provincial and federal contributions to Canada-Ontario Infrastructure Works. Federal contribution is \$287 million in 1995-96, \$110 million in 1996-97 and \$152 million in 1997-98.

## 1995 ONTARIO BUDGET PLAN

Comparison of Budget Presentation to Public Accounts Presentation (\$ Billions)						Table B13
	1992-93 <sup>1</sup>	1993-94	1994-95 <sup>2</sup>	1995-96	1996-97	1997-98
<b>REVENUE</b>	41.8	44.1	45.6	48.4	49.6	51.6
Adjustment for accrual and consolidation	(0.5)	(0.4)	0.8	0.5	0.5	0.6
<b>REVENUE [PUBLIC ACCOUNTS BASIS]</b>	<b>41.3</b>	<b>43.7</b>	<b>46.4</b>	<b>48.9</b>	<b>50.1</b>	<b>52.2</b>
<b>OPERATING EXPENDITURES</b>	50.6	50.8	51.7	52.3	51.9	51.4
Adjustment for accrual and consolidation	0.0	0.3	0.7	0.6	0.2	(0.3)
<b>OPERATING EXPENDITURES [PUBLIC ACCOUNTS BASIS]</b>	<b>50.6</b>	<b>51.1</b>	<b>52.4</b>	<b>52.9</b>	<b>52.1</b>	<b>51.1</b>
- <i>Programs</i>	45.3	43.8	43.7	43.5	42.5	41.7
Adjustment for accrual and consolidation	(0.3)	0.2	0.4	0.2	(0.1)	(0.6)
- <i>Capital Debt Servicing</i>	0.0	0.0	0.1	0.2	0.3	0.5
Adjustment for accrual and consolidation	0.0	0.0	0.0	0.1	0.1	0.2
- <i>Public Debt Interest</i>	5.3	7.0	7.9	8.6	9.1	9.2
Adjustment for accrual and consolidation	0.3	0.1	0.3	0.3	0.2	0.1
<b>OPERATING (SURPLUS)/DEFICIT</b>	8.8	6.7	6.1	3.9	2.3	(0.2)
Adjustment for accrual and consolidation	0.5	0.7	(0.1)	0.1	(0.3)	(0.9)
<b>OPERATING (SURPLUS)/DEFICIT [PUBLIC ACCOUNTS BASIS]</b>	<b>9.3</b>	<b>7.4</b>	<b>6.0</b>	<b>4.0</b>	<b>2.0</b>	<b>(1.1)</b>
<b>CAPITAL EXPENDITURE<sup>3</sup></b>	3.6	2.6	2.0	1.9	1.6	1.6
Adjustment for accrual and consolidation <sup>3</sup>	0.0	0.8	1.6	2.0	2.1	2.1
<b>CAPITAL EXPENDITURE [PUBLIC ACCOUNTS BASIS]</b>	<b>3.6</b>	<b>3.4</b>	<b>3.6</b>	<b>3.9</b>	<b>3.7</b>	<b>3.7</b>
<b>BUDGETARY REQUIREMENTS</b>	12.4	9.3	8.1	5.8	3.9	1.4
Total adjustment for accrual and consolidation	0.5	1.5	1.5	2.1	1.8	1.2
<b>BUDGETARY REQUIREMENTS [PUBLIC ACCOUNTS BASIS]</b>	<b>12.9</b>	<b>10.8</b>	<b>9.6</b>	<b>7.9</b>	<b>5.7</b>	<b>2.6</b>
1	Adjustments are based on estimates and are unaudited.					
2	Interim, unaudited.					
3	Current practice in governments is to charge the full cost of capital purchases to operations in the year of purchase or construction. This practice reflects when funds are approved to purchase or construct a capital asset, but does not recognize the future service benefits of these investments in the Budget or Public Accounts. Both governments and PSAAB have recognized the importance of good information on governments' investment in physical assets and the need for further study in this area.					

FISCAL REVIEW AND OUTLOOK

**Sector Savings Under Social Contract** **Table B14**  
 (\$ Millions)

Sector	1993-94	1994-95	1995-96
Ontario Public Service	210	210	210
ABCs <sup>1</sup>	135	135	135
Municipalities	220	220	220
Health	377	441	438
Community Services	11	9	10
Schools	425	425	425
Colleges	40	40	40
Universities	90	90	90
Teachers' Pension Savings	442	376	404
<b>Total</b>	<b>1,950</b>	<b>1,946</b>	<b>1,972</b>

<sup>1</sup> Agencies, Boards and Commissions

**Net Social Contract Savings** **Table B15**  
 (\$ Millions)

	1993-94	1994-95	1995-96
<b>Sector Savings Under Social Contract</b>	<b>1,950</b>	<b>1,946</b>	<b>1,972</b>
<b>Adjustments</b>			
Ontario Hydro	(100)	(100)	(100)
Workers' Compensation Board	(10)	(10)	(10)
Municipal Deferral	(55) <sup>1</sup>	(5)	(5)
Municipal Utilities	(14)	(14)	(14)
Schools	(47)	0	47
Ontario Public Service	14	(20)	5
Other	(5)	(5)	(6)
<b>Savings to the Consolidated Revenue Fund</b>	<b>1,733</b>	<b>1,792</b>	<b>1,890</b>
Savings Received as Revenues	163	25	34
Operating Expenditure Savings	1,563	1,762	1,849
Capital Expenditure Savings	7	6	7

<sup>1</sup> \$50 million of the 1993-94 municipal sector target to be realized in 1996-97.

Note: Numbers may not add due to rounding.









