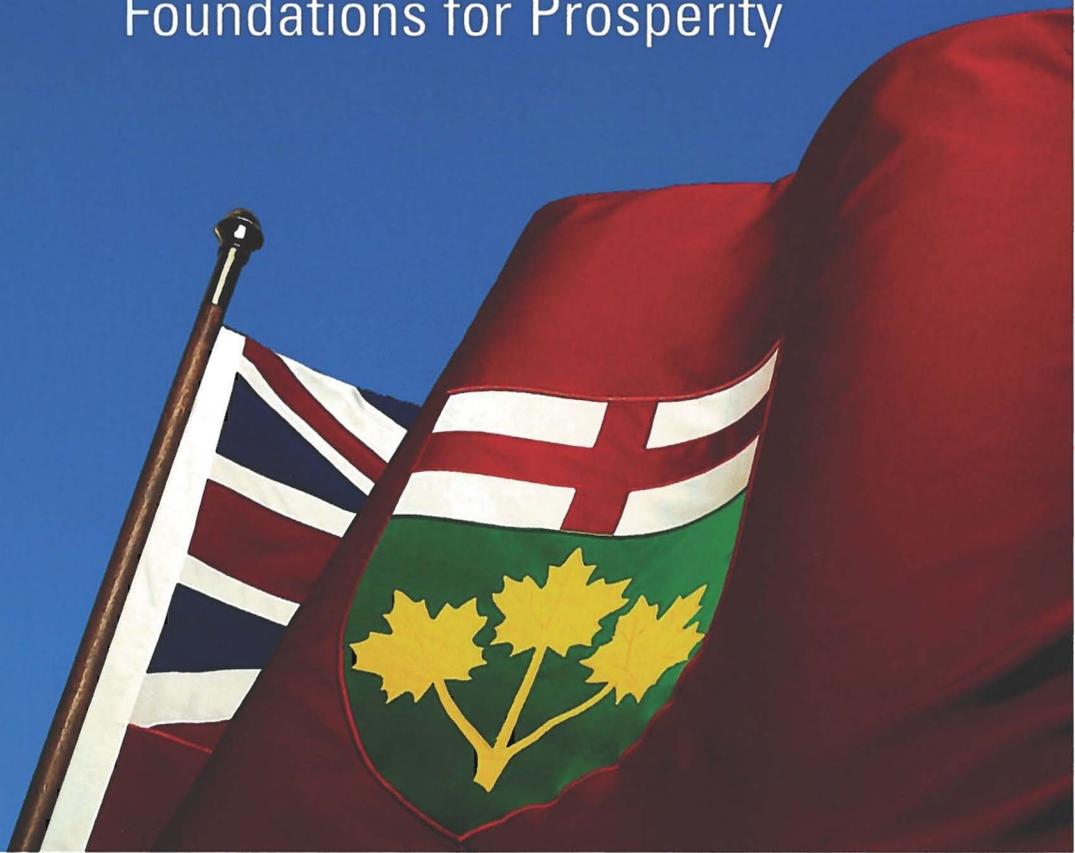


1999 Ontario Budget

Budget Speech

Foundations for Prosperity



The Honourable Ernie Eves, Q.C.
Minister of Finance



1999 Ontario Budget

Budget Speech

Foundations for Prosperity

Presented to the
Members of the Legislative Assembly of Ontario by
The Honourable Ernie Eves, Q.C.
Minister of Finance
May 4, 1999

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Introduction

Mr. Speaker, four years ago, I stood in this House and told the people of Ontario that our Province could do better—much better. I told them we *must* do better, if we were to stimulate economic growth, create jobs, and protect the services important to all Ontarians.

At that time, Mr. Speaker, I promised Ontarians that our Government was committed to rebuilding Ontario. I reminded them that it would not be an easy task.

In the wake of a decade of successive governments taxing and spending freely, hundreds of thousands of Ontarians were without work.

Taxes were hiked 65 times.

The welfare rolls were jammed with 1.3 million people who simply wanted and, quite frankly, deserved, opportunity and a job.

The situation was so bad, Mr. Speaker, that more jobs were lost in Ontario between 1990 and 1995 than at any other time in this province since the Great Depression.

A deficit of \$11.3 billion meant that the Government was spending \$1 million an hour more than it was taking in.

The entire foundation of our growth had been eroded.

Our Government promised to rebuild that foundation. We promised a plan to strengthen the economy of our province and make it a better place for all Ontario families.

Unlike our predecessors, we knew that tax cuts create a strong economy.

- A strong economy builds better communities.
- A strong economy allows us to invest in children's early years.
- A strong economy leads to an innovation culture.
- A strong economy supports a skilled workforce.
- A strong economy provides for quality education and lifelong learning.
- A strong economy allows us to strengthen health care.
- A strong economy helps us to build foundations for prosperity so that every family, every person in this province, can have a better tomorrow.

Ontario's Strong Economy

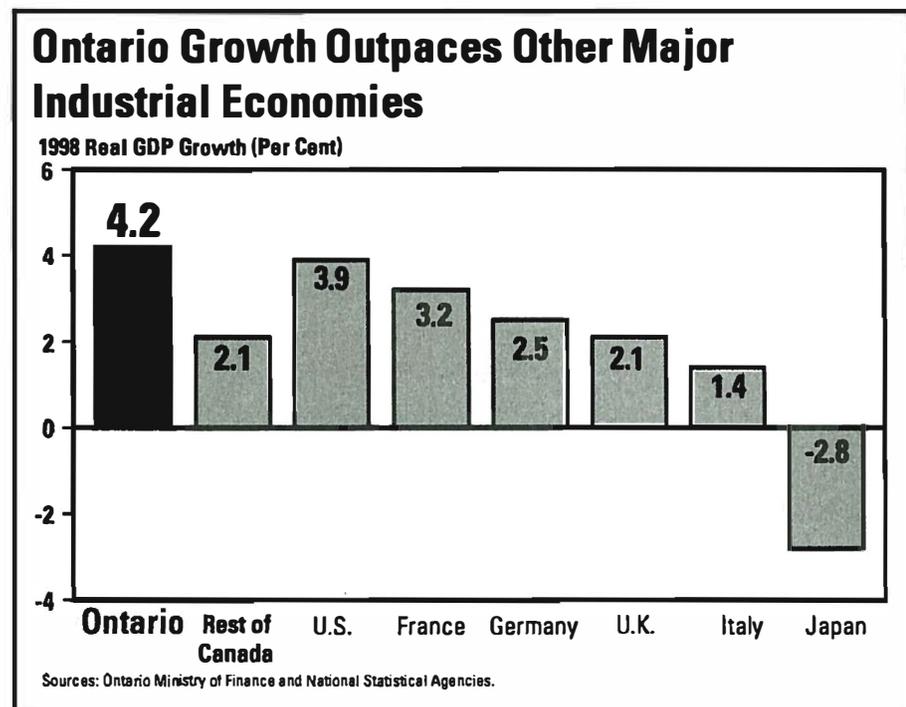
Building a strong economy takes vision, and leadership. The leadership Premier Harris has shown over the past four years has clearly put Ontario back on the right track.

I would like to take this opportunity, Mr. Speaker, to thank not only my good friend and colleague the Premier but also all Members and Ontario citizens who provided their ideas and input throughout the past four years.

The most recent budget consultation process was again both stimulating and enlightening for me, Mr. Speaker, and it would not have been possible without the dedication of Deputy Minister Bryne Purchase, my chief of staff Steve Pengelly and the entire team at the Ministry of Finance.

Since we began our program of tax cuts and focused reinvestment, Ontario has experienced continual economic growth, with a consistent record of outperforming other economies in Canada and around the world.

In 1998 alone the Ontario economy expanded by 4.2 per cent, doubling the rate in the rest of Canada. The economy grew faster than any of the G-7 nations, including the United States and Germany.



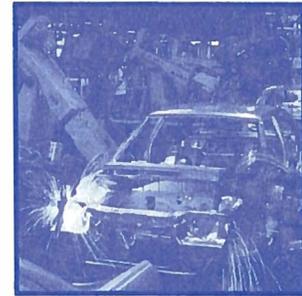
Retail sales grew by another 6.9 per cent last year, more than four times the increase in retail sales in the rest of the country. Real consumer spending rose almost five per cent in 1998, the strongest gain in a decade.

Ontario has become one of the world's greatest trading jurisdictions. Today, Ontario has the highest exports as a share of Gross Domestic Product of any Canadian province or G-7 country, including Japan and France. In 1998, Ontario merchandise exports increased by over 11 per cent, twice the rate for all of Canada. Automobile parts manufacturers shipped record volumes.

Recent private-sector forecasts predict that economic growth will remain strong. The forecast average is 3.8 per cent real economic growth for Ontario in 1999. The Canadian economy is forecast to grow by 2.8 per cent. Ontario is forecast to continue to grow faster than any G-7 country.

What does that mean for individuals and communities across Ontario?

- It means hundreds of construction cranes in communities across Ontario.
- It means thousands of new homes being built.
- It means hundreds of thousands more jobs.
- It means millions of Ontario families keeping more of their hard-earned money through tax cuts.

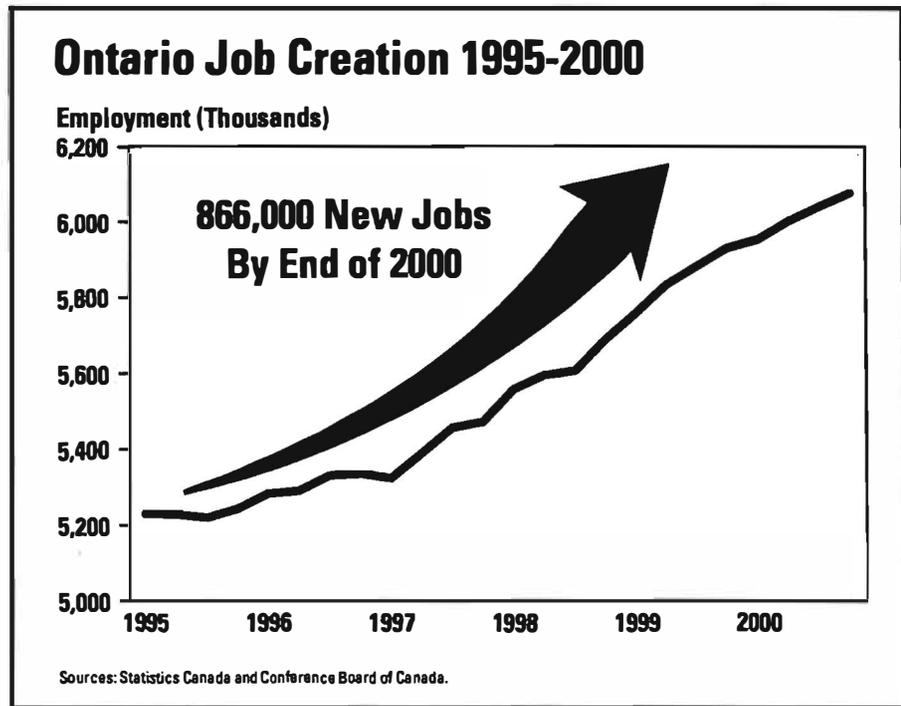


Record Job Creation

Since the Throne Speech in September 1995, the Ontario economy has added 539,000 net new jobs. The 200,000 new jobs created in 1998 represent the largest annual increase in net new jobs *ever* recorded for Ontario or any other province.

More than 96 per cent of those jobs were full time. In the last seven months alone, 205,000 new full-time jobs have been created in our province.

Just last week, the Conference Board of Canada estimated that Ontario will have surpassed the Government's ambitious 725,000 job target by the first quarter of 2000. By the end of 2000, the Board estimates that the economy will have created 866,000 jobs. This is why I am confident that the economy will create another 825,000 jobs over the next five years.



Those jobs are being created all across this province.

- More jobs in high-technology industries.
- More jobs in the automotive industry.
- More jobs in the construction industry.
- More jobs in financial services.
- More jobs in tourism.

Mr. Speaker, in the last four years 374,000 Ontarians have been given the opportunity to break the cycle of welfare dependency. Through the new mandatory work-for-welfare program, people are acquiring the skills and the confidence necessary to take advantage of the opportunities that Ontario offers to them and to their families.

Cutting Taxes Builds a Strong Economy

As heartened as we are by the success of the last four years, we cannot and must not take for granted that it will automatically continue.

We live in a highly competitive world where there are fewer boundaries—geographic or technological—to restrict business to just one place.

Achieving more jobs, more growth and a stronger economy in this environment continues to be an uphill battle. In the words of Premier Harris, "If the road we're travelling is uphill, we cannot coast. We either keep moving forward or we risk sliding back."

Mr. Speaker, the people of Ontario cannot afford that risk.

History has proven that when taxes go up, as they did from 1985 to 1995, and governments take more of taxpayers' and families' hard-earned money, it leaves them with less money to spend and invest.

High taxes kill jobs, stifle prosperity and threaten governments' ability to support the programs that Ontario families value most.

Mr. Speaker, tax cuts are the basis for a strong economy. Tax cuts create jobs. Allowing Ontarians to keep more of their own hard-earned money over the past four years has meant that they are spending more and investing more, boosting our economy and creating jobs.

A growing economy means we have more money to reinvest in the things that mean the most to families, like health care we can rely on, and quality education.

Now, there are those in this House who disagree with that. There are those who criticize our tax cuts. There are those who said loudly that tax cuts would actually stifle economic growth and reduce government revenues, leaving government with less money to spend on important programs.

There are even those in this House who said tax cuts would cut government revenues by \$5 billion a year. As Winston Churchill said, Mr. Speaker, "I do not resent the criticism, even when, for the sake of emphasis, it parts for the time with reality."

The reality is that with more people working, taxation revenues have gone up by over \$6 billion, even as tax rates were going down. Mr. Speaker, I should point out that is an \$11 billion miscalculation.

Perhaps some people can afford to make that kind of mistake. Mr. Speaker, we cannot. We have the responsibility to take the necessary actions to build foundations for prosperity so that all Ontarians can have a better life.

Between 1985 and 1995 governments increased taxes 65 times. We saw where that led. Those tax increases led to high deficits, job loss and the highest percentage of people on welfare in all of Canada.





Since taking office in 1995 we have cut taxes for Ontario families and businesses a total of 69 times. Today, I am pleased to announce an additional 30 tax cuts. This brings to 99 the number of tax cuts we are delivering to the people of this province. Ninety-nine cuts, Mr. Speaker, so you know who my hero is.

We believe that Ontarians deserve a break on their taxes and we know, as the more than half a million people who have found work in the past four years know first-hand, that tax cuts create jobs.

Tax Cuts Create a Strong Economy Where Business Can Grow

Mr. Speaker, Ontario's businesses are the engines of growth that drive our economy. Our Government is committed to helping Ontario's businesses grow and create jobs.

We have taken significant action to help businesses across the province. We eliminated the employer health tax (EHT) on the first \$400,000 of business payroll. We followed with our plan to cut the small business corporate income tax rate in half by 2006, making it the lowest rate in Canada. We cut red tape. These actions were just the beginning.

Today I am proposing more tax cuts and more reductions in red tape to ensure that businesses in Ontario can indeed grow and create jobs.

Legislation will be introduced to eliminate capital tax for an additional 45,000 businesses and reduce it for over 15,000 others. I also propose to eliminate the capital tax entirely for credit unions to increase their community financing role.

To support farmers, a key business sector, I am proposing that the temporary retail sales tax rebate for farm building materials be made permanent. Farmers would also be exempt permanently from sales tax on a wider range of products purchased for use in farming activities.

Last year the Government introduced a plan to make property taxes fair across the province. We also introduced an eight-year, \$500 million plan to reduce business education taxes.

The business community can rest assured that our Government will ensure that all existing tax protection tools will be available to

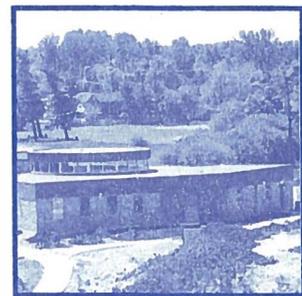


municipalities and that the current business tax limits will continue in effect every year until tax fairness is fully achieved.

Mr. Speaker, I am announcing the creation of a Business Tax Review Panel to examine the current Ontario personal, corporate and property tax systems for their impact on the capacity of business, both small and large, to create jobs.

Tax Cuts Create a Strong Economy Where Business Can Grow

- Limits on business property taxes to continue until tax fairness is fully achieved.
- Level playing field for newly constructed commercial and industrial properties.
- First \$2 million of taxable capital exempt from capital tax.
- A new short-form corporate tax return for small corporations to simplify tax filing.
- Streamlined Retail Sales Tax (RST) purchase exemption certificate system.
- RST tax filing and remittance periods extended for more small businesses.
- No EHT instalment payments for payrolls of \$600,000 or less.
- Charter of Taxpayer Rights—a commitment to administer tax laws with fairness, courtesy and common sense.
- Exemption from capital tax for credit unions.
- Consultations with credit unions and small business on a guaranteed lending program.
- Deposit insurance improvements for credit unions.
- Permanent RST exemption for farm building materials, and additional items exempt.
- Business Tax Review Panel to review Ontario personal, corporate and property tax systems.



20 Per Cent Residential Tax Cuts for a Strong Economy

For the average Ontario family, taxes are still too high.

Our predecessors allowed education property tax rates to go up by 42 per cent between 1985 and 1990, and 20 per cent between 1990 and 1995.

Our Government froze education property tax rates. Now we are reducing them.

Today, I am announcing the Government's intention to cut the residential education tax rate by 20 per cent over five years.

For the owner of a typical single-family detached home, that means a cut of \$150.

As a first step, the residential education tax rate would be reduced by 10 per cent, retroactive to January 1 of this year.

Mr. Speaker, the land transfer tax refund program has already helped more than 42,000 people—most of them young families—buy a new home. I am proposing that this refund program be extended for another year for first-time buyers of a newly constructed home and that the maximum refund be increased to \$2,000, retroactive to April 1 of this year.

My daughter Natalie may not be entirely happy with this decision, Mr. Speaker, as she became a proud first-time purchaser of a new home on March 31. However, it does confirm budget confidentiality, Mr. Speaker.



Residential Tax Cuts for a Strong Economy

- Residential education property tax rates cut 20 per cent, starting with a 10 per cent cut for 1999.
- Land transfer tax refund program extended another year, maximum refund increased to \$2,000 for agreements of purchase and sale entered into after March 31, 1999.

Personal Income Tax Cuts Are the Key to a Strong Economy and Jobs

From 1985 to 1995, governments hiked personal income taxes 11 times.

Our Government started cutting personal income taxes by delivering a 30 per cent cut and further cut personal income taxes by increasing the basic personal exemptions.

Our tax cuts have made a big difference to Ontario families. For example, in 1999 a couple with two children, and net income of \$60,000 from two earners, pays \$1,430 less Ontario income tax. This family will have saved a total of \$3,595 since we started cutting taxes.

Today I am announcing that our Government will again cut income taxes substantially. We are proposing to cut personal income tax rates for Ontarians by an additional 20 per cent over the next five years, starting July 1 with a five per cent reduction in Ontario's personal income tax rate to 38.5 per cent of basic federal tax.

The same family with two children, and a net family income of \$60,000 from two earners, would save \$625 a year from this reduction when it is fully implemented. Together with the 30 per cent tax reduction already introduced, this family would be better off by \$2,105 a year as a result of the personal income tax reductions introduced by this Government.

To continue helping modest-income families, I am proposing to enrich the Ontario Tax Reduction program. Ontario income tax will be eliminated for an additional 30,000 Ontarians and further reduced for 555,000 more. This means 1,205,000 Ontarians will benefit from this program, including 650,000 people who must continue to pay federal income tax but will not pay any Ontario income tax at all.



Personal Income Tax Cuts Are the Key to a Strong Economy and Jobs

- Personal income tax cut of 20 per cent over five years, starting with a cut in the personal income tax rate to 38.5 per cent of basic federal tax.
- Establish an advisory panel to examine concerns that have recently been raised regarding the tax treatment of one-earner and two-earner families.

- Enrich the Ontario Tax Reduction program to eliminate or further reduce personal income tax for more Ontario taxpayers with modest incomes.

A Strong Economy Means Strengthened Health Care

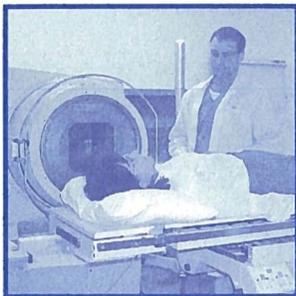
The tax cuts introduced by this Government have helped to create a strong economy, which in turn allows us to invest more in health care.

As Durhane Wong-Reiger, former president of the Canadian Hemophilia Society, has said, "I'm a strong social advocate in health care and have worked in education and I know we need resources and services. I also know that if we don't have a strong economy, we can't do any of that."

Ensuring that all Ontarians can rely on top-quality health care has required a modernization of our system to meet the needs of an aging and growing population.

The job of creating a modern health care system has not been easy. But we are beginning to see the results and we will continue to make the necessary investments to create a better system for today and tomorrow.

In 1995, we promised to maintain health care spending at \$17.4 billion. In fact, last year we increased health care operating funding to \$18.9 billion, by far the largest amount in provincial history. We will increase funding by another 20 per cent over the next five years to \$22.7 billion, the highest level in Canadian history.



This record level of health care investment over the past four years has improved access to a broad range of integrated health care services that are available when people need them. Our reinvestments have resulted in improved cardiac care, cancer care, dialysis, magnetic resonance imaging (MRI), to name only a few.

We are adding 20,000 new beds for seniors and expanded community services for people with continuing care needs and children with special needs. We are investing \$375 million to hire 10,000 more nurses over the next two years, for a total of 12,000 more nurses over three years. We will back all of this up with a Patients' Bill of Rights guaranteeing access to health services so all Ontarians will know what to expect when they arrive at a hospital or call on community-based care.

Mr. Speaker, Premier Harris showed tremendous leadership on behalf of the people of this province as part of the campaign by Canada's premiers to recover the federal government's health care cuts. As a result of this effort, the federal government has started to restore some of the \$2.8 billion annually that it took from the people of Ontario. This new chapter in transfer payment history is a good first step, but it is only a first step.

Some are promising to spend only recovered federal money to improve health services. For 1999-00, we will increase total health care spending by \$1.6 billion. Premier Mike Harris is not only putting every penny of the \$945 million we have recovered from Ottawa this year straight into health care services, but is also adding a further \$702 million in provincial funding.

A Strong Economy Means Strengthened Health Care

1995-96

- Established a \$17.4 billion minimum benchmark for health care expenditures.
- Began restructuring the health care system to make it more efficient, cost-effective, patient-focused and innovative,

1996-97

- Introduced the Healthy Babies, Healthy Children program.
- Expanded speech and language services for pre-school children.
- Immunizing school children against measles, young people against Hepatitis B, and seniors and those at risk against pneumonia.
- Reinvested in priority programs such as cardiac services, breast cancer screening and magnetic resonance imaging.

1997-98

- Cancer Care Ontario created to coordinate cancer treatment services.
- Neurotrauma initiative for health and spinal cord injury prevention.
- Agreement to compensate individuals who contracted Hepatitis C through the blood system between 1986 and 1990.





1998-99

- Began \$1.2 billion Long-Term Care Multi-Year Expansion Plan.
- Compensation for individuals who contracted Hepatitis C through the blood system prior to 1986 or after 1990.
- Special assistance to improve emergency rooms.
- Expanded the Healthy Babies, Healthy Children program.
- Major partner and contributor in the establishment of Canadian Blood Services.
- Medical Equipment Renewal Fund to maintain the excellence of our medical equipment.

1999-00

- Invest \$375 million to hire 10,000 more nurses over the next two years, for a total of 12,000 more nurses over three years.
- Reduce waiting lists to ensure faster access to life-saving medical care for cancer, heart and kidney dialysis treatments.
- Expand emergency room services to improve access and implement a policy to ensure that anyone entering an ER is seen within 15 minutes.
- Accelerate expansion for 20,000 new long-term care beds so that all beds will be awarded by 2001-02, two years earlier than originally planned.
- Provide an additional \$40 million to expand Home Care beyond the original Long-Term Care plan.
- Increase support for recruitment and retention of specialists and general practitioners in rural and northern communities.
- Guarantee access under the Patients' Bill of Rights so people will know exactly what they are entitled to when they show up at a hospital or call on community-based care.

A Strong Economy Means Investing More in Infrastructure

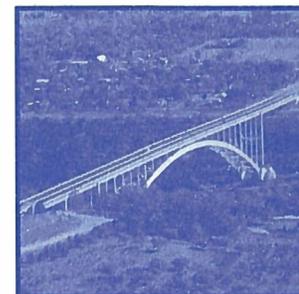
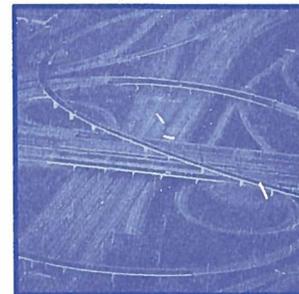
Meeting Ontario's health care needs requires investments in improving and expanding health care infrastructure. Our strong economy is enabling these and other important investments in Ontario's infrastructure to be made.

A strong network of highways is vital to Ontarians' needs but the information highway is also important, as is a responsive education system.

Our world is changing and so too must our infrastructure.

In order to make those changes in a way that also responds to the priorities of the people of Ontario, the Government is establishing the SuperBuild Growth Fund, which will inject \$20 billion into Ontario's infrastructure over the next five years. The SuperBuild Growth Fund will challenge our partners in the public and private sector to identify and support priority projects. This way we will make the right kinds of investment at the right times.

I am announcing an initial Government investment of \$2.9 billion in the Fund this year. The Fund will consolidate infrastructure spending, currently scattered across the system. By consolidating infrastructure spending and emphasizing partnerships, we will focus on investments that are both strategic and innovative in universities and colleges, in health care, in roads and bridges, in the information highway, in the environment, and in building communities all across Ontario.



A Strong Economy Means Investing More in Infrastructure

- Initial Government investment of \$2.9 billion in the new SuperBuild Growth Fund, a five-year, \$20 billion private-sector-public-sector partnership.
- Ontario Financial Review Commission will be reconvened to examine emerging accounting and reporting practices, including capital funding and financing.

A Strong Economy Supports an Innovation Culture

Mr. Speaker, innovation is one of the key themes of the Ontario Jobs and Investment Board's report, *A Road Map to Prosperity*.



Innovation does not just mean creating and using new technologies and it does not apply only to “high-tech” businesses. It means developing new ideas and seizing opportunities to ensure that Ontario remains competitive.

The challenge is for all Ontarians—individuals, businesses, communities, institutions, organizations and governments—to do their part.

Our economic growth has enabled much to be accomplished already in fostering innovation in Ontario.

The Ontario Business Research Institute (OBRI) tax credit, announced in the 1997 Budget, continues to promote partnerships between business and Ontario post-secondary institutions. The Ontario R&D Challenge Fund has so far led to 43 partnerships between the private sector and research institutions, and over \$420 million committed to R&D projects.



The SuperBuild Growth Fund is allowing us to make further investments in important innovative projects. Today I am pleased to announce initiatives that will foster innovation, build our communities and increase Ontario's competitive advantage, beginning with the creation of the Ontario Innovation Trust. This \$250 million trust will provide funding to Ontario universities, hospitals and colleges for labs, high-tech equipment and other research infrastructure.

Investing in Infrastructure for Innovation

- Ontario Innovation Trust—\$250 million for research infrastructure projects.
- Investments in Smart Libraries to help libraries connect to the Internet; Volunteers @ction.online to get volunteer organizations on-line; and Home Care Connect to give Community Care Access Centres a common computer system.



Innovative businesses and the entrepreneurs who lead them will benefit from more tax cuts, better access to financing and improved business supports.

Support for Innovative Businesses

- Extension of the Ontario Innovation Tax Credit to public corporations and companies with up to \$25 million of taxable capital.
- Extension of the Ontario Computer Animation and Special Effects tax credit to include freelance labour costs.
- Extension of the Ontario Interactive Digital Media Tax Credit to include freelance labour costs.
- Elimination of the 5/15.5 add-back on royalty payments for technology transfers.
- Facilitate the creation of more Community Small Business Investment Funds to further increase access to capital for small, growing businesses.
- Ontario Securities Commission regulatory changes—making small business financing simpler.
- Ontario Exports Inc.—\$3 million to help small businesses start exporting.
- The Innovators Alliance—support the launch of a private sector-led organization to help small, innovative, fast-growing businesses exchange ideas on-line and through peer networking events.

- Five new Small Business Enterprise Centres and five new Business Self-Help Offices to assist the start-up and growth of businesses in smaller communities.

A Strong Economy Supports an Innovative Workforce

Ontario has one of the most talented and innovative workforces in the world. Without continued economic growth and private-sector partnerships, however, we would be unable to equip the workers of today and tomorrow with the necessary skills to succeed in an ever-changing job market.



So, while there is still more work to be done to create employment opportunities for Ontario's youth, 80,000 new jobs—over 53 per cent of all youth jobs in Canada since September 1995—have been created in Ontario. We must explore innovative ways of ensuring that Ontario's youth can take full advantage of the opportunities that exist for them right here at home. Mr. Speaker, we are committed to doing that.

Ontario must continue to attract and retain talented knowledge workers to remain a world leader in high-technology industries. A proposed new Ontario Research Employee Stock Option Credit would help make the tax treatment of compensation offered by Ontario R&D companies more competitive with the treatment in the United States.

Mr. Speaker, the SuperBuild Growth Fund will provide nearly three-quarters of a billion dollars—some \$742 million—this year alone for investments to build and modernize our universities and colleges.

With contributions from the private sector and other partners, this will increase dramatically.

Four of the many exciting proposals that we have received from our post-secondary partners are a new Centre for Information Technology at the University of Toronto; a Centre for Excellence in Manufacturing at Durham College; a Centre for Environmental and Information Technologies at the University of Waterloo; and the McMaster Engineering and Science Rehabilitation Program.

The SuperBuild Growth Fund will also promote cooperation between community colleges and universities. This cooperation will include more

collaborative programming, innovative partnerships and easier movement between colleges and universities.

The Province has also consulted with colleges and universities on ways to use existing facilities more efficiently, and will provide additional funding to assist them in doing so.

A \$23 million increase in base operating funding will help our post-secondary institutions accommodate more students this September.

In last year's Budget I announced the \$150 million Access to Opportunities Program (ATOP) to "double the pipeline" of graduates in computer science and high-demand engineering. The program, which applied an innovative market test by requiring industry to match start-up costs, has been a tremendous success. Business response was well beyond our expectations.

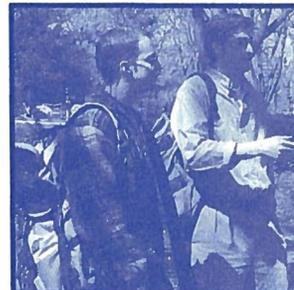
Today I am pleased to announce an expansion of this program with an additional \$78 million in Provincial start-up funding. This will increase the number of ATOP spaces by almost 40 per cent from 17,000 new opportunities for students each year to 23,000.

Through the Strategic Skills Investment (SSI) program, also launched in last year's Budget, 19 of Ontario's 25 community colleges have entered into new skills partnerships with industry in self-sustaining programs, totalling \$115 million. We will continue investing \$100 million in this program over the next five years, which will lever a total of \$500 million for strategic skills training.

The Government is helping students and their families pay for the cost of post-secondary education and manage their debt load. The more than \$600 million being raised in the Ontario Student Opportunities Trust Fund will help 185,000 college and university students get an education over the next decade.

Starting in September 2000, new Aiming for the Top tuition scholarships will help students who earn top marks but require financial assistance to attend college or university. At maturity, the Government will be providing \$35 million to 10,000 students in awards of up to \$3,500 per year for up to four years. We challenge the private sector to provide matching funds to allow 20,000 students to benefit.

The important investments I have just mentioned—for research infrastructure, capital expansion and improvements, enhancements in base operating funding, assistance for students in financial need, and



targeted funding for innovative partnerships in high-demand areas—will help our post-secondary institutions provide a place for all qualified students graduating from high school now and in the future as the student population continues to grow.

A Strong Economy Supports an Innovative Workforce

- Ontario Research Employee Stock Option Credit to help Ontario R&D companies attract and retain highly skilled knowledge workers.
- SuperBuild Growth Fund—over \$740 million contribution to investments in universities and colleges.
- Access to Opportunities Program expanded to create 23,000 new computer science and high-demand engineering spaces.
- Strategic Skills Investment program extended with \$100 million.
- Enhancement to Cooperative Education Tax Credit for leading-edge technology apprentices.
- Federal and Provincial student loan programs harmonized by August 2000 to better meet the needs of about 200,000 students and limit student debt.
- More women apprenticing in the skilled trades in the automotive industry.
- Women's Partners for Change networks expanded to more cities.
- Women's Community Employment Centres funding increased.
- Funding for enhanced distance education, new technologies and assisting teachers to use them in classrooms.
- Aiming for the Top—\$35 million for tuition scholarships for 10,000 top students with financial need, growing to 20,000 with private-sector matching.

A Strong Economy Enables Investing in Education and Opportunity

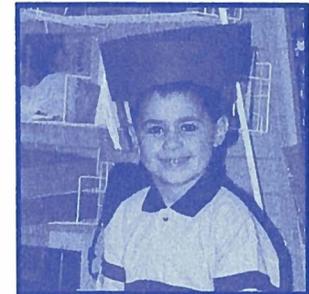
The best way to ensure that our young people can take advantage of opportunities in Ontario is to provide them with the best education possible, with courses that reflect today's reality and keep pace with our ever-changing world.

The student-focused funding formula, the new curriculum, and province-wide standards for elementary and secondary education are a few of the ways we are doing that.

Increased accountability, a stronger link between schools and the job market, and better career planning for students will continue to improve our education system.

School board spending is increasing. Through the Student-Focused approach to funding, school boards received \$13.1 billion in the 1998–99 school year. In the coming year, school boards will receive an estimated \$13.3 billion.

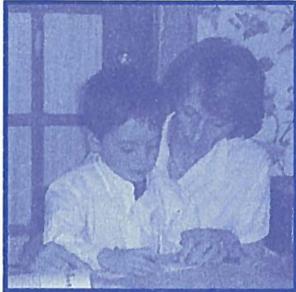
This year Provincial funding for education will support approximately \$1.9 billion in new school construction and new spaces for about 170,000 students. In addition, I am pleased to announce that \$50 million will be invested from the SuperBuild Growth Fund in elementary and secondary school capital.



A Strong Economy Enables Investing in Education and Opportunity

- Charter of Education Rights and Responsibilities (including tests on core subjects for every grade and a testing program for all Ontario teachers).
- Education Advisory Council to advise the Government on emerging issues.
- Expansion of Ontario Youth Apprenticeship Program in high schools.
- Support for The Royal Conservatory's Learning Through The Arts program in schools.
- Support for Business-Education Councils to improve school-work connections and encourage youth entrepreneurs.
- Tax incentive for safer school buses.
- SuperBuild Growth Fund investment of \$50 million to help school boards manage pressing capital needs related to health and safety.

Investing in the Early Years



Preparing children for the future starts in the earliest years. Last month, the Government received an important report on children's early years. We are responding to the study's call for a greater focus on the early years by building on recent investments to further strengthen the capacity of families and communities to support children in their early years.

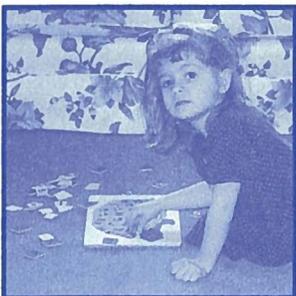
Model community initiatives will be funded to evaluate different approaches to early learning and to raise public awareness. This spring, Ontario will pilot a readiness-to-learn assessment of young children in 48 schools.

An Early Years Challenge Fund will be set up once a framework and the demonstration projects have been developed and fully assessed. The Government will contribute \$30 million by the second year to match contributions to local early years programs dollar for dollar.

As promised last year, spending on the Ontario Child Care Supplement for Working Families would increase to over \$200 million to support modest- and middle-income working families with young children. I am proposing an enrichment of \$80 to the maximum annual benefit, raising it to \$1,100 for each eligible child under age seven.

Investing in the Early Years

- \$45 million to improve post-natal care for mothers and their newborns.
- Strike an Early Years Task Group to set out framework.
- Fund model community initiatives to demonstrate early learning approaches.
- Activities to broaden awareness of the importance of early child development.
- Pilot a readiness-to-learn assessment of children entering school.
- \$30 million annually by 2001–02 for Early Years Challenge Fund to match private- and voluntary-sector contributions to local programs.
- Fund local coordinators to mobilize communities to access the Challenge Fund.
- Maximum annual benefit for Ontario Child Care Supplement for Working Families to \$1,100 for each eligible child under age seven.



We are also introducing a number of initiatives to assist children with special needs because, Mr. Speaker, we believe this investment will ensure that they too can benefit from the many opportunities that come from economic growth.

Assisting Children with Special Needs

- Support for Learning Disabilities Association of Ontario to evaluate, with research organizations, school boards, and innovators such as TASK Academy, different approaches for helping students with learning disabilities.
- Dr. Bette Stephenson's Learning Opportunities Task Force extended to help post-secondary students with learning disabilities.
- Enhance children's mental health services by \$10 million this year, growing to \$20 million annually, to enable innovation and better access.
- \$5 million this year, growing to \$19 million annually, for intensive early intervention for two- to five-year-old children with autism by training front-line workers in therapy, assessment, diagnosis and parent support.
- Enhance respite care by \$17 million annually for up to 1,700 families caring for medically fragile or technologically dependent children.



Ontario's Strong Economy—Building Communities

Mr. Speaker, strong and sustainable communities are at the heart of Ontario's strong economy. Investing in those places where the people of Ontario live and work means helping Ontarians to build better lives for themselves and their families.

For the second consecutive year, the Government is investing record amounts in Ontario's highway system. The SuperBuild Growth Fund will invest more than \$930 million to improve the condition of our highways, make them safer, and expand strategic highways. We will continue to seek opportunities for more private- and public-sector contributions to highway projects.





Capital Investments in Communities

- SuperBuild Growth Fund will invest over \$930 million this year in the rehabilitation and expansion of Ontario's strategic highways.
- SuperBuild Growth Fund will accelerate \$200 million already announced to help municipalities assume responsibility for water and sewer facilities.
- SuperBuild Growth Fund will invest \$17 million in environmental capital projects to improve public safety and protect the environment including improvements to parks, fish hatcheries, dams, abandoned mine sites and fire-fighting in the North.
- Enhanced environmental monitoring—\$2 million in new state-of-the-art equipment to monitor air and water emissions and contamination of land.
- Provide \$10 million for analysis of the critical issues that climate change presents for Ontario's environment and economy.
- Contribute to The Rouge in Toronto, North America's largest urban park, 660 hectares of provincially owned land and \$7.9 million to fund future expansion.

In addition to tax cuts for farmers, Mr. Speaker, we are reiterating our commitment to building and sustaining rural communities in Ontario.

The Government will provide \$35 million for a Healthy Futures for Ontario Agriculture program. The focus will be on "on-farm total quality management" for product quality, food safety and environmental quality. This is crucial to access markets, attract new business and ensure consumer confidence in Ontario's food production system. To recognize the important role that women play in rural economies, we will provide funding for the employment creation activities of Women and Rural Economic Development.

Building Rural Communities

- Whole Farm Income Relief to assist agricultural producers facing dramatic declines in net income.

- Healthy Futures for Ontario Agriculture—\$35 million to help farmers export by improving product quality, food safety and environmental quality management.
- Nine “Living Legacy Signature Parks”—in partnership with local municipalities, businesses and community groups.
- Funding to support the employment creation activities of Women and Rural Economic Development (WRED).
- Purchase new fire trucks for unincorporated communities in the North.

Community charities play an essential role in this province, and deserve support for their contribution to building communities.

Supporting Community Charities

- Matching \$5 million for Community Foundations to support projects for children and youth.

Respect and Responsibility

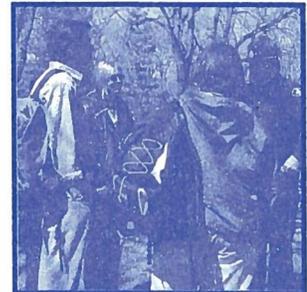
Safe, secure communities provide places where families can prosper.

This Government continues to focus on ensuring that people feel secure in their communities. This means taking steps to support the personal safety of Ontarians. It involves individuals taking responsibility for their actions and their impact on others. It also means fostering respect for all members of our communities.

All Ontarians have the right to live without the fear of physical abuse. They must feel safe, and be safe, in their neighbourhoods, on their streets and, above all, in their homes. During the past four years we have delivered a clear message that we are on the side of victims of crime and that abusers must and will pay for their actions.

We have set up the Joint Committee on Domestic Violence to provide advice on the implementation of the jury recommendations from the May/Illes inquest. To date over 85 per cent of the recommendations have been implemented or are being implemented.

We have developed the largest domestic violence court program in the country to prosecute abusers, to support victims and to break the cycle of violence.



Our Government is continuing to build on that commitment. We will provide \$10 million annually to support a comprehensive strategy to combat domestic violence, including doubling the number of domestic violence courts in Ontario.

The Government will also invest \$6 million this year, annualized to \$8 million, so that Crown attorneys have dedicated time to ensure that the voices of victims of crime are heard in Ontario's criminal justice system.

This Budget commits \$6 million annually, to establish and maintain the first registry of sex offenders in Canada under Christopher's Law, which was recently introduced in the Legislature.

The Government will provide funding to support the expansion of the Youth Justice Committee pilot to five new sites and will extend the strict-discipline pilot program, Project Turnaround.

Funding for the Ontario Police College will be increased by \$3 million and the Government will provide \$5 million to establish permanent specialized rural and agricultural crime prevention units.

Respect and Responsibility

- Special Investigations Unit funding increased, following recommendations of Adams Review.
- Supervised family access sites doubled to 28.
- First registry of sex offenders in Canada—Christopher's Law.
- Youth Justice Committee pilot extended to five new sites.
- Strict-discipline pilot program, Project Turnaround, extended.
- Funding for Ontario Police College increased.
- Permanently establish six Rural Strike Forces and expand their mandate to include crime in the agricultural industry.
- Increased police outreach for children's safety ("OPPIES").
- \$10 million to combat domestic violence, including doubling the number of domestic violence courts and associated support programs.
- \$8 million to ensure Crown attorneys have dedicated time to support victims and witnesses.
- Constructing a memorial for fallen police officers.

Restoring Fiscal Health: The Job Is Not Finished

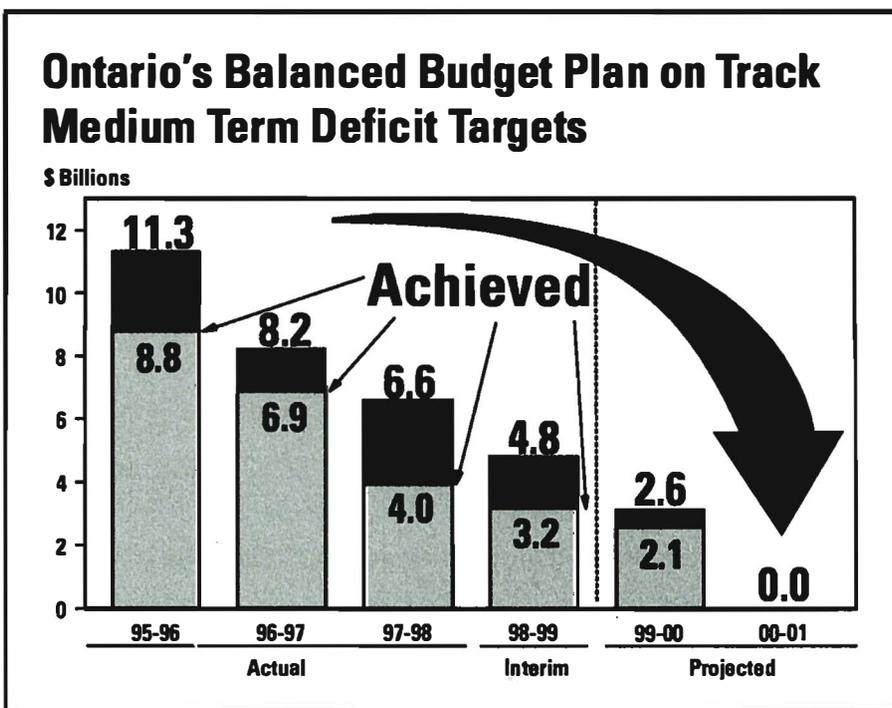
Ontario's economic and fiscal foundation relies upon a clear and consistent plan to eliminate the deficit and balance Ontario's books. Unlike our predecessors, Mr. Speaker, who allowed the deficit to skyrocket to unacceptable levels, we set out a Balanced Budget Plan with clear annual targets to reduce the deficit, and eliminate it by 2000-01.

Again, I am pleased to report that we are on track to meet that goal. In 1998-99, Ontario's deficit was \$3.2 billion. This represents a reduction of over \$1.6 billion from the Balanced Budget Plan deficit target of \$4.8 billion.

For the fourth consecutive year, the Government has overachieved its deficit target.

The deficit for 1999-00 will be \$2.1 billion, \$0.5 billion lower than the deficit target for this year set out in the Balanced Budget Plan.

The deficit will be eliminated in 2000-01 as promised.



It is no secret that past governments promised results and failed to deliver.

In contrast, we have promised to cut the deficit and we have delivered on that promise each and every year. In fact, we have exceeded our deficit reduction targets by a total of almost \$5.5 billion over the past four years.

The Government's job is far from finished.

It is hard work reducing the deficit after years of governments allowing it to get completely out of control. In order to protect our fiscal achievements and to spare Ontarians the burden of deficits that threaten all public services, we must avoid returning to the tax-and-spend ways of the past.

Restoring Fiscal Health: The Job Is Not Finished

- Balanced budget and taxpayer protection legislation to ensure future fiscal responsibility.

Conclusion

Mr. Speaker, as I told Ontarians four years ago, rebuilding our province would not be an easy task.

Today, with many more people working, fewer families relying on welfare and an economy that has grown continually since we formed the government, we are making solid progress.

Under the strong leadership of Premier Mike Harris, and with a clear vision that tax cuts strengthen the economy and create jobs, we have been able to provide the means to invest in the priority programs that Ontarians value most.

It has taken a deliberate plan to realize that vision, the courage to stick with the plan in the face of criticism, and the hard work needed to implement it.

Mr. Speaker, we cannot return to the tax-and-spend ways of the past. We cannot repeat the mistakes of previous governments. Ontarians deserve better than that.

We must move forward—building on the work that we have done to get Ontario back on track.

We must continue to cut taxes, create jobs and further strengthen our economy.

If we stay the course, Mr. Speaker, we will indeed have a better tomorrow.

A tomorrow where all Ontarians can benefit and families prosper from the foundations we have created together.

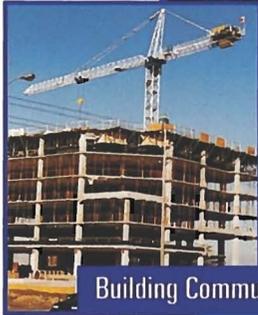
Thank you, Mr. Speaker.

Ontario

Strengthening Health Care



Developing an Innovative Culture



Building Communities



Creating a Skilled Workforce



Encouraging Respect & Responsibility



Investing in Early Years



Educating for a Lifetime



Foundations
for Prosperity