

TAXATION AND JOBS DEBATE – Ontario Legislature – March 17, 2008

(Abridged version of Hansard - Opening questions on the first day of the new legislative session)

Mr. Robert W. Runciman (Conservative leader in the Legislature) Will you, Premier, commit today to reducing the marginal tax rate on new business investment to bring it in line with other provinces like Saskatchewan, Alberta, B.C. and Quebec?

Hon. Dalton McGuinty: I thank the honourable member for his question.... I've been looking forward to this opportunity for us to discuss at some length the different philosophy embraced by the Conservative Party, apparently endorsed by the federal government of the day....more

Mr. Robert W. Runciman: Premier, will the upcoming budget correct your government's mistakes and eliminate the capital tax for all business immediately?

Hon. Dalton McGuinty: I think it would be helpful to all of us to cast our minds back to the consequences of a dangerous and reckless obsession with tax cuts. Again, that was embraced by the Conservatives when they were in government. They left us with a \$5.6-billion deficit. They closed our hospitals. They declared war on public education. They fired nurses by the thousands. They fired water inspectors.

We're not going to pursue that particular path. Ontarians have said no to that particular approach. We are investing

Mr. Robert W. Runciman: The former government created over a million new jobs in this province and took hundreds of thousands of people off of welfare. We want to compare your government to another-I think it's more analogous to the Bob Rae government going down the same path... the government must act to reduce levels of taxation. ..That's the best way to protect health, education and social program funding.

Premier, is your government going to get us back on track by eliminating the capital tax for all business and reducing the overall tax burden for all business in this province?

Hon. Dalton McGuinty: I just don't recall the Conservatives campaigning on this particular platform. They're obviously taking their leadership cues from elsewhere these days.

The Conservatives don't like to be reminded of this, but ...when they embraced that dangerous and reckless obsession with tax cuts-and it has some simplicity to it, and a certain degree of elegance: Tax cuts create jobs. But what the Conservatives didn't tell us was that tax cuts resulted in closed hospitals; resulted in poor-quality health care for the people of Ontario; it resulted in a tax to our system of public education; it resulted in a loss of our capacity to monitor the safety of our environment and it resulted in a \$5.6-billion deficit. During the last four years-plus, we have 450,000 net new jobs in the

province of Ontario as a result of our economic policy. We intend to keep moving forward.

Mr. Robert W. Runciman: To the Premier again-and it's clear that the Premier is operating the Ontario economy on a failed ideology and a wing and a prayer, and he wants to get rid of the prayer.

Last year, for the first time since the 1991 recession, Ontario's economic growth was the slowest in Canada. All five major banks rank Ontario ninth out of 10 provinces for economic growth...

Disposable incomes in Ontario are among the slowest-growing in the country and this year will again trail the national average. The number of single people on welfare is almost 103,000. That's an 11% increase since September 2003. Since January 2005, we've lost over 180,000 high-paying manufacturing jobs...

The path to redemption, the road to rebuilding, is clear: Lower taxes, cut red tape...

Hon. Dalton McGuinty: I just don't and I can't share the negative, pessimistic outlook of the opposition. As a result of our auto sector strategy, we landed \$7 billion in new investment in Ontario and over 7,000 jobs... when it comes to the forestry sector, we put over \$1 billion in place as a strategy to work through this time of global competition and low prices...

What the leader of the official opposition refuses to acknowledge is that when he's talking about cutting taxes, he's also saying, "Let's cut services that people have to be able to count on." I am not prepared to close hospitals; I am not prepared to cut funding for our textbooks; I am not prepared to cut jobs in the province of Ontario, including those of the people who happen to inspect our water supply.

Mr. Robert W. Runciman: The "Don't worry, be happy" riff is growing a little tiresome.... For the first time in 30 years, our unemployment rate exceeded the national average. Ontario's sub par economic performance brings us closer to being ...a have-not province.

Premier, how much further are we going to slide? How much longer are you going to keep us on the wrong track before you start to show some leadership with respect to our economy?

Hon. Dalton McGuinty: Let me remind the opposition in the House generally of our five-point plan to grow this economy. First of all, we are in fact reducing business taxes, and the member is aware of that. In particular, we've eliminated the capital tax for manufacturing and the forestry sector, and we cut it by 21% retroactively for all other Ontario businesses.

We're investing \$60 billion over 10 years in infrastructure. That's roads, bridges, hospitals, schools and the like. That creates jobs in the short term and enhances our productivity in the long term.

We're supporting innovation and good, high-paying jobs in the future. We're helping creative Ontarians turn their ideas into Ontario jobs.

We're also partnering with business. I know the leader of the official opposition does not believe in that, but we think it's really important to help businesses which are prepared to make an additional investment to ensure that we get them on their feet and in the race.

Last, but certainly foremost, we are investing in the skills and education of our people. We have 100,000 more young people in colleges and universities today than we did back in 2003. That is real progress.

Mr. Howard Hampton: My question is for the Premier. Over 200,000 good manufacturing jobs and over 10,000 good forest sector jobs have been lost under the McGuinty government. New Democrats have outlined a job stimulus strategy that has been praised by economists, labour leaders, business leaders and workers.

My question is this: In the March 25 budget, is the McGuinty government going to take action on a job stimulus plan, or will it continue to allow thousands of good manufacturing jobs to disappear in Ontario?

Hon. Dalton McGuinty: We're very much looking forward to presenting our budget in this House and to continuing to find ways to address some of our economic challenges. I think the leader of the NDP understands that when it comes to things like the value of the Canadian dollar, the price of oil, the faltering US economy and the impact of globalization generally, those are factors over which we do not have control. But we do have control over the level of our taxation, for example. That's why we continue to cut our business taxes...we have a 10-year, \$60-billion investment-in-infrastructure plan. That's the largest of its kind ever. We are creating over 100,000 jobs with that investment alone.

Mr. Howard Hampton: I think what I heard was the Premier looking for excuses. The issue is manufacturing jobs. Ontario is the manufacturing heartland of Canada, and Ontario is losing manufacturing jobs at an alarming rate. The Premier refers to everything other than manufacturing. The fact is, other provinces are taking action. Manitoba, Saskatchewan and Quebec have all implemented manufacturing investment tax credits to sustain manufacturing jobs in those provinces.

My question is this: In this government's March 25 budget, will working people see action on a refundable manufacturing investment tax credit to sustain manufacturing jobs or not?

Hon. Dalton McGuinty: The leader of the NDP likes to claim that we are not doing anything to support manufacturing, but he's just not prepared to acknowledge what we are in fact doing.

Again, in our fall economic statement there was a \$1.3-billion tax cut. That included the elimination of capital taxes for manufacturing and forestry in particular. We're also going to support the federal government's initiative when it comes to dealing with the capital cost allowance so we can continue to accelerate that. That's something that helps manufacturers as well. We're also continuing to reduce business education taxes in the province of Ontario. That is also an initiative which the NDP voted against. The leader of the NDP does not support our plan to assist the auto sector in the province of Ontario, which landed \$7 billion worth of new investment and 7,000 jobs...

Mr. Howard Hampton: Oh, I think your record tells a story. Since your much-ballyhooed advanced manufacturing strategy was announced almost a year ago, another 50,000 manufacturing jobs have disappeared. I heard banks, insurance companies and oil companies say they liked the reduction in the capital tax because they raked in billions, but in fact, manufacturers who are not making any money got very little benefit from those measures...

Is the McGuinty government going to take specific action in the form of a refundable manufacturing investment tax credit, or are we going to see the loss of thousands more manufacturing jobs?

Hon. Dalton McGuinty: I think for Ontarians generally and families in particular, the question that weighs on their minds is, "What is the responsible thing to do in the circumstances? What is the right thing to do in the circumstances?" They know that we don't have control in this Legislature-notwithstanding claims to the contrary from my friends opposite-over the value of the dollar, the price of oil or what's happening to the US economy. But we do have control over the investments we make in the skills and education of our people. That's why we will continue to make those investments, and this budget will reflect that. We do have control over the investments we make in the quality of the health care available to all our families, whether they are employed or not, and that's why we will continue to invest in the health care system. We do have control over the level of investment we make in infrastructure, and when we build roads and bridges, not only does that enhance our productivity in the long term, but it creates hundreds of thousands of jobs in the short term. Those are the kinds of things that Ontario families expect of us. Those are the kinds of things that we will continue to do.