

By Matt Maychak
TORONTO STAR

Ontario's first New Democrat government has brought in what it calls a "recession-fighting" budget that takes from the rich, gives to the poor and socks it to the sinful.

Treasurer Floyd Laughren has increased the tax on people making \$84,000 a year or more, poured another \$215 million into welfare and hiked taxes on gasoline, tobacco, alcohol.

Bucking the national trend toward spending restraint, Laughren will allow the province's deficit to reach a record \$9.7 billion, up from \$3 billion last year.

New spending by the New Democrats since Oct. 1 has boosted the deficit by \$1.5 billion, officials said. Ottawa, meanwhile, has cut \$1.6 billion in federal transfers.

"This year we had a choice to make — to fight the deficit or fight the recession," Laughren said in yesterday's budget speech.

"We are proud to be fighting the recession."

He boasted the \$52.7 billion budget will create or maintain 70,000 jobs.

Treasury officials put the number of new jobs at 19,000, mostly from a previously announced \$700 million public works plan. They said another 51,000 jobs would have been lost if the government cut \$6 billion in spending to keep the deficit in check.

The budget includes only a few minor cuts — to the amount the government spends to run the Legislature building and its own executive offices.

No cuts were made in the size of the provincial civil service or its pay.

That flies in the face of Ottawa's recent budget, which told federal civil servants they would have to accept a 3 per cent wage cap and face layoffs.

"We like to think the public service in Ontario is part of us, they're our partners," Laughren told reporters.

Ontario lost "260,000 jobs in the last year," he said, adding: "We know the government can't pick up the complete slack."

Critics of the budget predict it will institutionalize debt, hike inflation, keep interest rates high and slow an eventual economic recovery.

Supporters say it is designed



MOMENT OF TRUTH: Opposition Liberals — former health minister Elinor Caplan, interim leader Bob

Nixon, centre, and former education minister Sean Conway — listen while the NDP reveals its budget.

to keep people working and to protect the neediest.

Here's what Laughren did:

- Increased the tax on gasoline and diesel fuel by 1.7 cents a litre now, and another 1.7 cents a litre next Jan. 1.
- Doubled tax rates on the purchase of new gas-guzzlers — vehicles with highway fuel ratings over 8.5 litres per 100 kilometres (31 miles per gallon) — as of July 1.
- Increased the tax per cigarette, or per gram of tobacco, by 1.67 cents, boosting the price of a package of 25 smokes by 42 cents. With provincial sales tax and GST, that comes to 48 cents.
- Increased taxes on all alcohol products — beer, wine and spir-

its — by 5 cents per litre effective May 27. That's about 50 cents on a case of 24 beer and about a nickel on a bottle of wine.

• Increased spending on welfare reform by \$215 million, including money to increase welfare payments, help municipalities pay their share and help people get back to work.

• Provided a \$50 million tax cut for 700,000 low-income Ontarians, who will now receive \$350 for each dependent child, up from \$200.

• Slapped a \$60 million tax increase on 165,000 taxpayers with incomes of \$84,000 or higher, by increasing a surtax on the province's share of in-

come tax from 10 to 14 per cent.

• Announced rent subsidies for 10,000 new non-profit apartments, at a cost of \$150 million.

• Increased spending on services for victims of violence against women by \$20 million.

• Provided \$57 million in loans and loan guarantees for small and medium-sized manufacturing firms.

• Ordered Ontario Hydro to spend \$240 million on energy conservation instead of studies on nuclear power.

• Increased the tax on banks and trust companies' earnings from 0.8 to 1 per cent.

• Ordered insurance companies to start paying tax on premiums paid to insure cars for personal use.

"We shouldn't be the ones to throw up our hands in despair and stop spending," Laughren told reporters.

"The recession is tougher in Ontario, on people in Ontario, than in any other province."

Dubbed Pink Floyd because of his left-wing views, the 55-year-old former economics teacher sported a pink rose in his lapel.

He read from a budget document printed — for the first time — on recycled paper.

Laughren predicted only a "modest recovery" in the economy will begin later this year. The province's total economy, he said, will shrink by 3.3 per cent over fiscal 1991-92.

Unemployment, which will

average 10 per cent throughout 1991, is expected to decline only to 7.8 per cent by 1994, he said.

"It won't be the kind of rebound we had 10 years ago," Laughren told reporters.

"It's going to be slower and tougher."

Health care costs, which have been spiralling over the past decade, have gone up another 11 per cent and now account for almost \$17 billion — one-third of the budget.

Skyrocketing welfare costs have contributed to a whopping 28 per cent increase in the social services ministry's budget, now \$8.1 billion.

Meanwhile, the federal government cut transfer payments for health, welfare and higher education by \$1.6 billion.

Laughren unveiled a plan to reduce the \$9.7 billion deficit to \$7.8 billion by 1994-95.

But he couldn't predict when the government will once again balance its books.

"There are a lot of ifs when you look that far down the road," he said.

Laughren told reporters Ontario's inflation rate — projected to reach 5.6 per cent this year — is the lowest in Canada.

And he said wage caps and public service layoffs weren't the answer.

Ontarians don't want "draconian" budget cuts and public sector layoffs, he said, adding: "I really believe very strongly people in this province want to maintain the quality of our health system and the quality of our education system."

But Laughren did resist the temptation to make good on all of the New Democrats' election promises.

He shelved pledges to dramatically increase education spending, provide low-interest loans to homebuyers and pour millions into day care.

"We're doing what we can, given the tight spot we're in," Laughren said.

During last summer's election campaign, the New Democrats promised to introduce a minimum 8 per cent tax on corporations, a tax on inheritances over \$1 million and a tax on real estate speculation.

Those ideas have already been sent to a government-appointed Fair Tax Commission for study, although Laughren promised to speed up its work yesterday.

Funds fall short, poverty groups say

By Derek Ferguson
TORONTO STAR

The province says it will spend \$215 million to get welfare reform back on track, including \$146 million to increase benefits for the more than 504,000 people expected to need social assistance in Ontario this year.

But the welfare spending promised yesterday in Treasurer Floyd Laughren's first budget falls well short of the \$450 million that a government advisory group said was the minimum needed to fix the system.

And advocates for the poor were scathing in their criticism. The Star's Paula Todd reports:

"We expected so much more and we're terribly, terribly disappointed," said Gerard Kennedy, executive co-ordinator of the Daily Bread Food Bank.

"This budget ignores the poor

Social aid

entirely. There's about \$12 per person per month possible extra for people on social assistance so the word for food banks is not very encouraging," he said.

FoodShare executive director Richard Yampolsky accused the NDP of "backsliding" on pledges made to get it elected.

"It's outrageous" that the NDP failed to boost the minimum wage and overhaul the welfare system, he said. "This is a zero-sum budget for the poor."

A five-stage, \$2.3 billion overhaul of Ontario's welfare system introduced under the then Liberal government has been stalled.

An advisory group on implementing the reforms had called on Queen's Park to move ahead with 88 recommendations and spend \$450 million to increase

welfare payments, streamline eligibility rules, hire more welfare workers and provide more help to cash-strapped municipalities.

And during last August's election campaign, the New Democrats pledged an additional \$300 million a year to boost social assistance rates.

Michael Shapcott, co-ordinator of the Rupert Hotel Coalition in Toronto, feels yesterday's budget did not fulfil that pledge. The Star's Jim Byers reports.

"It's very much a stand-pat budget and it's very disappointing," he said. "This budget shows the NDP has thrown their entire election platform out the window and there's nothing left of it."

But Laughren said the \$215 million in his first budget was proof of the New Democrats' commitment to welfare reform.

Laughren said the reform targets three areas:

□ \$146 million in increased benefits for the needy, including \$16 million for natives.

□ \$44 million to help people get back to work, by allowing welfare recipients to keep a larger portion of their net earnings while still collecting social assistance.

□ \$25 million in relief to overburdened municipalities, which pick up 20 per cent of welfare costs. The province is responsible for the other 80 per cent.

In Metro, welfare rolls have almost doubled in the last year to 122,000 from 65,000.

But Metro Chairman Alan Tonks and Toronto Mayor Art Eggleton, while praising the province's announcement of 10,000 new housing units and the \$215 million for welfare reform, said the NDP program was lopsided and doomed to fail.

\$12 million pledged to help assault victims, minorities

By Jim Byers
TORONTO STAR

The party that claims to best represent women and minorities has promised new programs for aboriginal Canadians and for victims of wife assault and sexual violence.

Ontario Treasurer Floyd Laughren yesterday pledged an added \$12 million for new beds and shelters, improved in-shelter programs and better counselling and other services for battered women and their children. That brings the total budget for those services to \$69.6 million.

Programs for victims of sexual assault will get another \$9.4 million this year, bringing the total budget to \$17 million.

Included will be better access to services for women in rural areas, as well as more research and public awareness programs.

Women

Rape crisis centres also will get a boost and better training will be given to social service workers and teachers.

"The unfortunate reality is that, for many women, home is not a safe haven," Laughren said. "Violence against women is a major social problem which we must work resolutely to eliminate."

The treasurer also said Ontario's aboriginal people will get \$48.5 million in new spending this year, a commitment he called "long overdue."

About \$15 million will go to lay the groundwork for aboriginal self-government and to resolve long-standing land claims, Laughren said.

Another \$20 million will be spent to repair infrastructure.