



# LEGISLATIVE ASSEMBLY OF ONTARIO

## Official Record of Debate

(Hansard)

### Provincial Budget Debate

April 3<sup>rd</sup>, 2006

**Mr. Ted Arnott (Waterloo-Wellington):** I'm glad tonight to have this opportunity to participate in the debate on the 2006 provincial budget that was tabled on March 23 by the Minister of Finance. My comments tonight will be relatively brief, providing an opportunity for the member for Burlington to address this matter before the House as well before the debate on the budget motion concludes this evening at 9:20 p.m.

As I begin, I want to congratulate newly elected members Christine Elliott and Lisa MacLeod, soon to be known in this place as the members for Whitby-Ajax and Nepean-Carleton. We all look forward to welcoming them to the Legislature and to our Progressive Conservative caucus.

I also want to congratulate Peter Tabuns, who won the by-election in Toronto-Danforth. As you know, he'll be taking his seat as the eighth New Democrat MPP, which reminds us of that 1970s TV show "Eight Is Enough."

The timing of this budget was, to some degree, intended to give the Liberal Party a boost in these three by-elections. In this sense, the budget was an abject failure. This provincial budget, the third budget presented to the Legislature by the McGuinty Liberal government, constitutes another sorry chapter in the thickening book of Liberal broken promises.

In the coming year, Ontarians will continue to be paying more and getting less from their provincial government. Ontarians continue to pay much more in taxes under this government. The image is still etched in our memories of the face of the Premier, who gazed into a TV camera during the 2003 election campaign, blithely reassuring voters that what they feared most about tax-and-spend Liberals was not true about him. He gazed into that camera and into the homes of millions of Ontarians and he promised them that he would not raise their taxes. Of course, the Liberals won that election, and in their very first budget in 2004, he betrayed all who had voted Liberal and broke that promise with almost gleeful abandon by bringing in the largest tax increase in Ontario's history. That particular day, almost two years ago, voters will never forget.

By the time of the second Liberal budget, in 2005, a clear trend had emerged: Ontarians were paying more and getting less. Ontario's farm families were among the most pronounced examples. They got much less. In response to the 2005 budget, I characterized the cuts to agriculture as being a kick in the teeth to Ontario's farm families. It was no wonder to anyone on this side of House that farmers brought their tractors here to Queen's Park 11 days ago to demonstrate, coincidentally, on the day of the third Liberal budget.

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In Waterloo-Wellington, the initial response of farmers was shock, and it is palpable anger that the budget was not more supportive of the Ministry of Agriculture and Food. The Minister of Finance now knows that farmers are exceedingly unhappy with his government's lack of support for agriculture, a message he received loud and clear when he tried to leave an event in Whitby during the by-election last week, until he was finally convinced by the member from Dufferin–Peel–Wellington–Grey to get out of his car and talk to the farmers.

In this budget, they have also chosen to continue to break another key election promise, that being their commitment to balance the books. Even if you believe the Liberal line that the cupboard was bare when they were elected, you would have to agree that after three years in office, this year's deficit belongs to them. This government had the best chance this year they've seen yet to fulfill their promise to balance the budget. In fact, the member for Guelph–Wellington was quoted in the Guelph Mercury acknowledging that the budget could have been balanced this year, but a conscious, deliberate decision was made not to balance it.

The "pay more, get less" budget contained but a fleeting reference to the manufacturing jobs issue. They had little choice but to say something, and the budget documents try to depict a government that is doing something to respond to the crisis in our manufacturing sector. However, they offered no plan or vision. I first raised the issue of manufacturing jobs nearly a year ago with a resolution in the Legislature. I recommended that the all-party standing committee on finance and economic affairs immediately begin an investigation into Ontario's industrial and economic competitiveness and develop an action plan to maintain and expand our domestic and international markets in the coming years. It was intended as a plan to save jobs. The issue was raised by our leader and our caucus in two opposition day debates in the Legislature and we have been raising it ever since.

This issue hit home two months ago when it was announced that the BF Goodrich tire plant in the Kitchener part of Waterloo-Wellington would close its doors this summer, putting 1,100 people out of work. I've received scores of letters from those displaced workers. They expressed concern about the loss of manufacturing jobs in Ontario. These workers deserve nothing less than a government providing leadership and the best possible plan for their economic future.

Whether we're talking with farmers in Wellington county or factory workers in Kitchener, we hear the same thing: This McGuinty Liberal government just seems to be fixated on Toronto and doesn't really care about the rest of the province.

Ontario's tourism leaders have every right to feel the same way. I'm proud to speak on behalf of our caucus as critic for the Minister of Tourism. We're advised that Ontario tourism is a \$21-billion industry. It directly employs about 213,000 people. A major source of our tourism revenue comes from our friends and neighbours to the south. American visitors have traditionally represented 90% of international visits to Ontario, but a dramatic decline in visits by Americans is threatening the future economic viability of Ontario tourism. The industry still hasn't fully recovered from the setbacks resulting from the negative perceptions after we endured the SARS crisis in 2003, nor the changes in the United States since the devastating terrorist attacks which we now call 9-11.

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The impacts on tourism are as troubling as they are astounding. In 2005, annual entries from the United States reached their lowest level in 33 years. The number of visits plunged from a historic peak of 30 million visitors in 1998 to just over 19 million last year. That's a decline of almost 11 million US visits, with a negative impact on the tourism sector approaching \$1 billion a year. This means lost tax revenues for the province of \$110 million a year.

I don't think I'll be accused of spreading doom and gloom when I tell this House that it looks like the problem is about to get much worse. Think about the challenge we face when every American will be required to carry a passport or other specially acquired security document in order to get back home after they've been here. The US-led Western Hemisphere Travel Initiative means that passports or special pass cards will be required starting in 2007 for air and sea travel and 2008 for travel by road. As it stands now, few Americans have passports -- less than 25% -- and most have never even thought of needing one to visit Ontario. Because of our close relationship with the United States, generations of travellers haven't needed a passport to cross the border.

Members need to know that I raised this issue in the Legislature last year and called upon the Ontario Minister of Tourism to demonstrate that the government was aware of the potential impacts, and asked him to outline the steps that the government intended to take over the coming months to deal with the issue. An impact study by the Ministry of Tourism has confirmed that a further decline in American visits is likely as a result of the passport issue. Nothing has changed. The cumulative impact is estimated to be a drop of 3.5 million American visits by 2008, and the ministry estimates that there will be a significant loss of jobs as a result.

I'm aware that the government was thoroughly briefed on these issues and the storm clouds that are looming on the horizon. The minister was told clearly that something had to be done to counter the pending decline in American visitors unless something is done. We needed an investment of \$30 million in the Ontario Tourism Marketing Partnership Corp. in the budget. This would have been used to develop new marketing programs, programs through marketing initiatives that have yielded a handsome \$9 to \$11 return on every dollar invested.

What did Ontario's tourism industry leaders get from this government in the budget? It was callous indifference. The passport challenge was ignored in the budget speech. When I raised this issue with the Premier during question period last week, the Premier seemed fixated on Toronto in his response. Ignoring the substance of my question, he rhymed off a number of capital investments that the government expects to make in our cultural attractions -- all in Toronto -- all of which are well and good, but will do nothing to attract tourists to northwestern Ontario, northeastern Ontario, eastern Ontario and many other regions of the province, all of which are dependent on tourism for their local economic success.

To further demonstrate that the budget was Toronto-centric, I'd like the Premier to consider the following advice I have received.

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Toronto is the largest tourist destination in Ontario, with around 18.5 million visitors recorded in 2004 out of a total of about 118 million to the province as a whole. So I would ask the Premier, what about the 100 million visits that the rest of the province generates? That question must be answered in the coming days along with many others from those who were left out in this 2006 provincial budget. Let us hope that the response of the people of Ontario will force the government to rethink their cynical plan as the next 18 months draw to a close and then this Liberal government moves back to the opposition benches, where, after these three budgets, they deserve to be.