

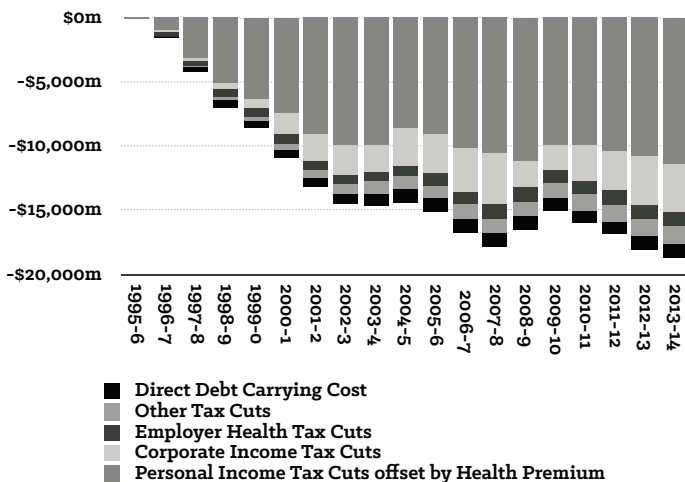
Billions of dollars are missing

And it's killing public services

Ontario has the lowest program spending per person of any province in Canada. We're **not** spending too much on health care, or children's aid, or any other public service.

Yet we still have a provincial budget deficit that's over \$12 billion. Why is that?

Ontario government net revenues lost as a result of tax cuts, 1995-96 to 2013-14 (\$millions)



There's a simple answer: tax cuts. Right now, provincial coffers are missing more than \$18 billion a year because of them. Don't believe it? Here's the story:

In 1995, Ontario PC leader Mike Harris promised to cut personal income taxes by 30 per cent. He did it. In 1999, he promised to cut them by a further 20 per cent. He did that, too. But that's not all the Tories did.

The PCs cut the Employer Health Tax. They cut corporate taxes. They cut other taxes. In fact, in the 2000 Budget speech, then Finance Minister Ernie Eves bragged that he had made **99 tax cuts** since taking office. And he kept on cutting after that.

Those tax cuts came at a price. Harris cut nursing positions. He slashed social assistance rates. He

closed water testing labs. He leased Highway 407 and let tolls go sky-high.

Some people think Liberal Premier Dalton McGuinty increased tax rates back to where they were. He didn't. The Ontario Health Premium (OHP), which arrived in 2004, now raises about \$3 billion a year. But McGuinty's tax cuts to business cost much more than that.

The 2014 budget says Liberal cuts to the corporate income tax rate cost \$2.3 billion a year. The elimination of the Capital Tax – a tax on big piles of corporate money – now costs us \$2.1 billion a year. And the personal income tax cuts McGuinty brought in to reimburse Ontarians for the HST caused a further net reduction in public service funding.

Add up two decades of tax cuts and what do you get? \$18 billion a year – gone.

In other words, if Ontario's tax rates were the same today as in 1995, the deficit would be gone and **we'd have an extra \$6 billion** to spend on public services and infrastructure.

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Question for Politicians

Q Following tax cuts since 1995 by both Conservative and Liberal governments, the province now receives \$18 billion less in revenues each year than it would have if taxes had stayed at their 1995 levels. The result is that Ontario has the lowest program spending and the highest deficit per person of any province in Canada. Given that the money lost to tax cuts has mostly gone to profitable corporations and high-income individuals, will you bring in tax fairness measures to restore our ability to fund public services and balance the books? What changes would you make to the tax system, and why?

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