

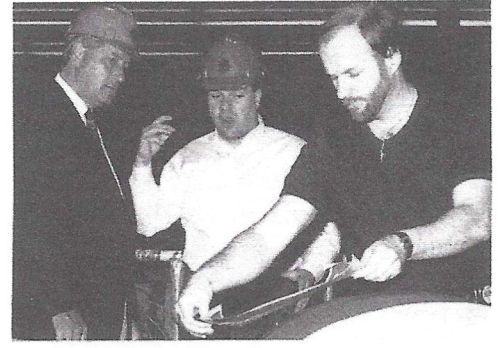
The Common  
Sense  
**REVOLUTION**

Join Mike Harris - 1-800-903-MIKE

Introduction	1
The Common Sense Revolution	3
I. Lowering Your Taxes	4
Income Tax	5
Only One Taxpayer	5
"Fair Share" Health Care	6
II. Less Government Spending	7
Protecting Priority Services	7
■ Health Care	7
■ Law Enforcement	8
■ Education	8
Finding the Savings	8
■ Fewer Politicians	8
■ Restructure the Bureaucracy	9
■ Reform Welfare	9
■ Reform Education	11
■ Scrap jobsOntario Program	13
■ Cut Government Grants & Subsidies	13
■ Reduce the Capital Budget	13
■ Reform Government Housing	13
■ Reform Legal Aid	13
III. Removing Barriers to Growth	14
The Key Steps	14
■ Cutting Payroll Taxes	14
■ Eliminating Red Tape	14
■ Reforming Ontario Hydro	14
■ Cutting WCB Premiums	15
■ Labour Law Reform	15
■ Abolish Inter-provincial Barriers	15
■ Free Choice in Child Care	15
IV. Doing Better for Less	15
Spending Smarter	16
Less Government	17
Asset Sales	17
V. A Balanced Budget Plan	18
The Next Step - Public Involvement	19
Summary	20
Appendix	21



Join Mike Harris-1-800-903-MIKE



# Introduction

The Chief Economist at Midland Walwyn, one of Canada's most respected securities firms, concludes...

**"This plan will work. The Mike Harris plan to cut provincial income tax rates by 30% and non-priority services spending by 20% will give Ontario a balanced budget within four years, and create more than 725,000 new jobs."**

- Mark Mullins, Ph.D. (Economics)

**T**he people of Ontario have a message for their politicians -- government isn't working anymore. The system is broken.

You sent that message when you handed the provincial government its dramatic defeat in 1990. You sent it in the referendum campaign in 1992. You sent it in the federal election. And yet no one seems to be listening.

Over the last few years I have been out talking with the people of Ontario. In Town Hall meetings, in living rooms and around kitchen tables. I have heard your message. You are looking for a Common Sense Revolution in the way our province is run. Well, **I'm prepared to actually do something about it.**

**It's time for government to make the same types of changes all of us have had to make in our own families and in our jobs.** If we are to fix the problems in this province then government has to be prepared to make some tough decisions.

I'm not talking about tinkering, about incremental changes, or about short term solutions. After all, the changes we have all experienced in our personal lives have been much more fundamental than that.

**It's time for us to take a fresh look at government. To re-invent the way it works, to make it work for people.**

While many goals remain important to us -- creating jobs, providing safe communities, protecting health care -- we are governed by a system that was designed to meet the needs of the 1950's, not the challenges of the 1990's or beyond.

It's time to ask ourselves how government spending can double in the last ten years, while we seem to be getting less and less value for our tax money... To ask ourselves why we spend more money on education than ever before, but our children aren't able to get the kind of education they need to secure a good and prosperous future... Time to ask ourselves how we can spend more and more money fighting crime, while our streets end up becoming more dangerous.

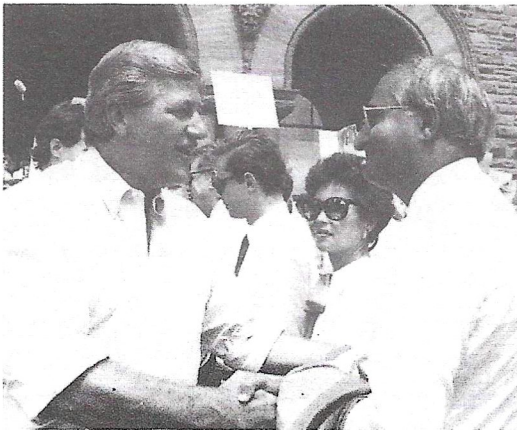
I have been troubled by these realities for some time. I fear that Janet and I cannot hope for a better future for our children. I want to do something about it. So, today I'm putting forth a plan to help build a better future.

There are more than half a million people unemployed in this province. The bottom line is that Ontario needs jobs.

**This plan will create more than 725,000 new jobs over the next five years.**

Ontario is among the highest-taxed jurisdictions in North America. There have been 65 tax increases in the past decade, including 11 hikes to your income tax.

**This plan will cut your provincial income tax rate by 30%.**



Government spending has more than doubled in the past ten years, pushing both the tax burden and the provincial deficit higher.

**This plan will reduce non-priority government spending by 20%.**

Too many services essential to the public are now being cut, or are under such financial pressure that the quality of service is in danger.

**This plan guarantees full funding for health care, law enforcement, and education spending in the classroom.**

A decade of tax-and-spend economics has pushed our annual deficit over the \$10 billion mark, mortgaging our children's future..

**This plan will fully balance the budget in four years.**

This is not a wish list or a bunch of empty political promises. This is a solid plan based on four years of study, analysis and consultation with workers, employers, party members and ordinary Ontarians through extensive public hearings.

**To be sure of our conclusions, we subjected this plan to an independent analysis by one of Canada's leading economic experts.**

In short, our plan will work, and bring hope, opportunity and jobs back to Ontario.

**There is nothing wrong with Ontario that a new vision, a new direction and turn-around management can't fix.**

We can build a safe and prosperous province, but first we need a major change in the way government works.

**It will not be easy, but it can be done, and it will be worth it.**

In order to create the jobs we so badly need, and to renew our economy, we will have to set priorities and stick to them. Tinkering with the system will not be enough. It is time for fundamental change, and change is never easy.

**The political system itself stands in the way of making many of the changes we need right now.**

Our political system has become a captive to big special interests. It is full of people who are afraid to face the difficult issues, or even talk about them. It is full of people doing all too well as a result of the status quo.

**We need a revolution in this province....a Common Sense Revolution.**

It will be a revolution of practical ideas for making government work better for the people it serves, and a revolution against the last ten years of government thinking when it comes to job creation.

**Ontario needs jobs today, and jobs tomorrow.**

This plan will show you how this can be done....how Ontario can once again become an economic powerhouse, full of hope, opportunity and real jobs.

If you believe, as I do, that we need lower taxes, less government and 725,000 new jobs in Ontario, I am asking you to join me in my fight for a **Common Sense Revolution.**



May 3, 1994

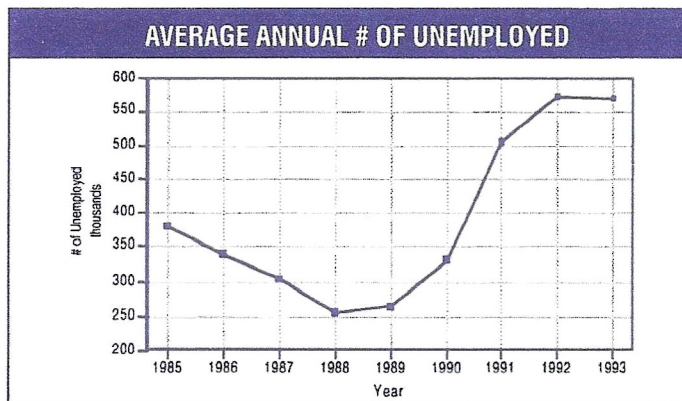
*P. S. For more information, or to join the Common Sense Revolution, simply call me, toll-free, at 1-800-903-MIKE.*



# The Common Sense Revolution

A Harris government will immediately implement a five point Job Creation Plan. This plan will generate economic growth and investment in Ontario and create more than 725,000 new jobs.

There are 5 key components to the Harris Job Creation Plan (details are discussed in later sections):



*It doesn't need to be this way. Creating 725,000 jobs is what the Common Sense Revolution is all about!*

## 1 Cut Provincial Income Taxes.

Our tax rates, which are currently among the highest in North America, will be cut by 30% over three years, with half that cut coming in the first year. This plan will give Ontario the lowest provincial income tax rates in Canada. *For an average, middle-class Ontario household, this will mean tax cuts of more than \$4,000 in the first three years alone.*

## 2 Cut Government Spending.

Total spending will be reduced by 20% in three years, without touching a penny of Health Care funding. Other priority areas of law enforcement and classroom funding for education will also be exempt.

**3 Cut Government Barriers to Job Creation, Investment and Economic Growth.** This will send a signal around the world that Ontario is open for business again. Immediate action will be taken to:

- Abolish the job-killing payroll health tax for small businesses
- Eliminate all red tape and reduce the regulatory burden
- Freeze Ontario Hydro rates for the next five years
- Cut WCB premiums for all employers by five per cent
- Repeal the NDP's job-killing labour legislation - Bill 40
- End inter-provincial trade barriers through bilateral negotiation
- Encourage the private sector to provide child care for working parents

**4 Cut the size of Government.** We will provide the people of Ontario with better for less.

There isn't a household in this province that hasn't had to make the family budget stretch further, and there isn't a company in Ontario that hasn't found creative ways to cut costs and improve products or services at the same time. It's time we demanded the same from the people we elect and the bureaucrats that we hire. **Performance standards will be set for all government services. The best people, in or out of the public service, will be hired to provide those services.**

## **5** Balance the budget.

This plan will fully balance the Ontario budget in four years. An independent econometric model shows that, by the fifth year, Ontario will be in a position to cut taxes even more *and* start paying down the provincial debt.

The policies in this plan have been in development for almost four years. They are designed to meet the ongoing concerns of Ontarians about the future of our economy. **They respond to the needs of the middle-class for job creation, tax relief and more efficient government, and the needs of the less fortunate and disadvantaged for more hope, opportunity and long-term security.**

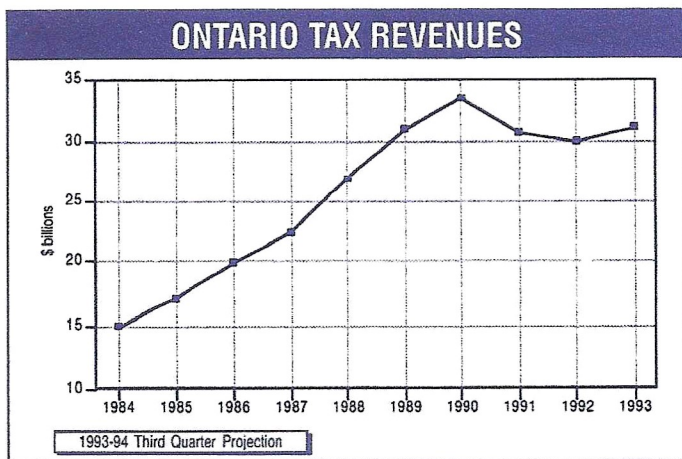
These policies come from the Town Hall meetings we have been holding with citizens all across Ontario since 1990. They have come from the consultations we have held in conjunction with our New Directions series of policy papers. And they have come from the grassroots of our Party membership in the course of an exhaustive policy review process.

In short, this plan doesn't just belong to Mike Harris, it's yours .... the plan you have told us *you* would like to see implemented.

Some will call it radical. Some will attack bits and pieces of this plan. We believe, when considered in its entirety, this plan is a fair, effective and common sense way of returning prosperity to Ontario.

# I. Lowering Your Taxes

Ontario is among the highest taxed jurisdictions in North America. Our taxes have been raised 65 times since 1985, and that includes 11 hikes to personal income taxes.



**T**his excessive burden drives away new investment and jobs, and makes it incredibly difficult for us to compete, not only in the global marketplace but against other provinces.

Consumer spending accounts for 60% of our economy's activity.

**Reducing taxes stimulates consumer spending and investment, a direct boost to job**

**creation.** In fact, taxes must be cut if we want to create jobs.

**And that will only be the start, only the tip of the iceberg.** With more dollars in your pocket, with more of your friends and neighbours at work and paying their way, with government operating more efficiently -- we are convinced that Ontario will experience much stronger and more broadly based growth. This plan is really a vote of confidence in you and in our province. There is no telling what we can accomplish if initiative and hard work are rewarded once again!


## TAX SAVINGS - THE COMMON SENSE REVOLUTION


"Having reviewed the Mike Harris plan, I am convinced that the tax incentives for people and business will help create an economic climate of dynamic growth and new jobs in Ontario".

*Bill Young, President & CEO  
Consumers Distributing*

Taxpayer Income	Year 1 Savings	Year 2 Savings	Year 3 Savings	Total Savings
\$25,000	\$ 425	\$ 638	\$ 850	<b>\$1,913</b>
\$50,000	\$ 934	\$1,351	\$1,767	<b>\$4,052</b>
\$75,000	\$1,695	\$2,309	\$2,922	<b>\$6,926</b>

## INCOME TAX

 We will cut your provincial income tax rates by 30% in three years. Half of the cuts would come up front - in year one.

 These cuts will return billions of dollars to taxpayers in the first three years alone.

For a middle-class family of four making a total income of \$50,000, this will mean more than \$4,000 in tax savings in the next three years alone. And these savings will continue year after year.

More examples are listed in the chart above. **These are the actual amounts of money that would be saved....the amount that would go into YOUR pocket, NOT the government's.**

**These tax cuts will give Ontario the lowest income tax rate in Canada. It will re-set our income tax level back to rates not seen since 1976.**

These tax cuts will be the *first* step in redistributing wealth and decision-making power *away* from the politicians and the bureaucrats, and returning it to the people themselves. *That's what the Common Sense Revolution is all about!*

## ONLY ONE TAXPAYER

Historically, municipalities have responded to provincial funding limits by simply increasing local property taxes. There may be numerous levels of government in this province, but there is only one level of taxpayer - you.

**We will work closely with municipalities to ensure that any actions we take will not result in increases to local property taxes.**

We want to ensure that municipalities and regional governments do everything possible to deliver services more efficiently. You'll find more information on our policies for local government in the "Less Government" section on page 7.

## "FAIR SHARE" HEALTH CARE

We will ask for one thing...to re-invest some of the income tax savings into our health care system.

A "Fair Share" health care levy will be collected through the provincial income tax, with the rich paying more than the middle-class, and people making less than \$50,000 a year paying nothing. At \$50,000 the levy will be \$100.

**It's important to note that the tax savings in the chart on the previous page include the health care levy.** The average middle-class family will still save more than \$4,000 over three years.

Under this plan, everyone will pay their fair share, and top quality health care will be available to all Ontarians. Specifically targeted for health care and geared to income, **"Fair Share" will generate \$400 million in revenues for the health care system.** This will completely offset the \$400 million lost by abolishing the payroll tax on small business. (See the "Removing Barriers to Growth" section on page 14.)

For some time now, there has been growing debate over the most effective way to ensure more responsible use of our universal health care system. In the last decade, user fees and co-payments have kept rising and many health care services have been "de-listed" and are no longer covered by OHIP.

We looked at those kinds of options, but decided the most effective and fair method was to give the public and health professionals alike a true and full accounting of the costs of health care, and ask individuals to pay a fair share of those costs, based on income. We believe the new Fair Share Health Care levy, based on the ability to pay, meets the test of fairness and the requirements of the Canada Health Act while protecting the fundamental integrity of our health care system.

**Under this plan, there will be NO new user fees.**

### FAIR SHARE HEALTH CARE LEVY

Taxpayer Income	Levy as % of Income	Annual Levy Cost \$
Under \$50,000	0.00	\$0
\$50,000 to \$60,000	0.20	\$100
\$60,000 to \$70,000	0.33	\$198
\$70,000 to \$80,000	0.48	\$336
\$80,000 to \$90,000	0.78	\$624
\$90,000 to \$100,000	0.98	\$882
\$100,000 to \$125,000	1.20	\$1,200
\$125,000 to \$150,000	1.58	\$1,975
Over \$150,000	2.00	\$3,000

Note: Cost at lowest income in tax bracket

*It's important to note that the tax savings in the chart on the previous page include the health care levy. The average middle-class family will still save more than \$4,000 over three years.*

## II. Less Government Spending

Over a three year period beginning immediately after the election, total spending, except for health care, will be cut by 20% -- twenty cents on the dollar. Law enforcement and classroom funding for education will also be exempt.

On our current estimates for 1996 revenues and expenses, spending will be reduced by \$3.605 billion in the first year. At the end of three years, this plan will have reduced annual government spending by \$6 billion.

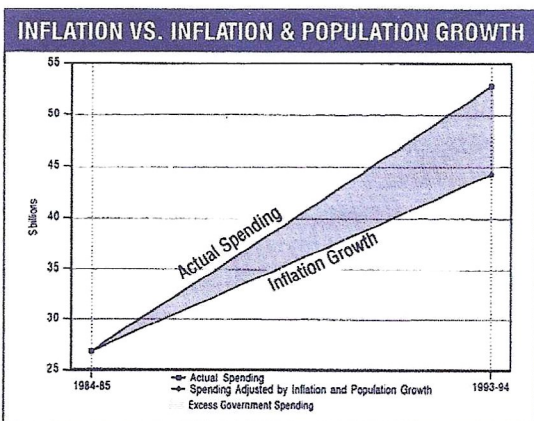
has run out, our political system, unaccustomed to setting priorities, has come under increasing pressure. **Without a clear sense of priorities, the lack of new revenues has meant that the quality of everything the government does has suffered.** That includes the priority services such as health care, education and law enforcement that all of us want to see maintained.

But it goes deeper than that. As government's appetite for cash has grown, it has turned to us, the taxpayers, to bail it out. **The first place the government has looked to satisfy its appetite for money has been your pay cheques,** leaving each of us with fewer dollars to spend on the things we need for ourselves and for our families.

**This has to stop. We need to get our priorities straight.**

*That's what the Common Sense Revolution is all about!*

We want to provide efficient government service. **That means setting priorities, cutting out fat and waste, and putting people first.**



*If Ontario's government had held spending to the rate of inflation (adjusted for population growth) this year alone it would be spending \$8 billion less. That's this year's interest payment on our provincial debt!*

**O**ntario government spending has more than *doubled* over the last ten years. Between 1985 and today, the budget increased from \$26 billion to \$53 billion. Year after year, in good times and in bad, spending has continued to rise, adding to existing programs and creating many, many new ones.

To be fair, Ontario has grown and inflation has driven costs higher.

However, even after these factors are taken fully into account, the Ontario government still spends far more than it needs to.

As a result of this uncontrolled spending, Ontario is broke! As the money

### PROTECTING PRIORITY SERVICES

Let's start with the top priorities -- the essential services that Ontarians want to see protected...

#### ■ HEALTH CARE

**We will not cut health care spending.** *It's far too important.* And frankly, as we all get older, we are going to need it more and more.

Under this plan, health care spending will be guaranteed. **As government,**

**we will be aggressive about rooting out waste, abuse, health card fraud, mis-management and duplication.**

Every dollar we save by cutting overhead or by bringing in the best new management techniques and thinking, will be *reinvested* in health care to improve services to patients. We call this common sense approach, "patient-based budgeting".

**Patient-based budgeting means that we put the priority on the people who need health care.** It means that the focus is on how we can put more of our health care dollars into direct care for those in need, and more into the preventive care, which can help people avoid becoming ill in the first place.

**For many who need care, this should mean an end to rationing and waiting lists.** The fact that cancer patients can be trapped on waiting lists for months is a crime. The fact that pregnant women can't get epidurals is a scandal. The fact that people needing kidney dialysis have to wait in line is unacceptable.

For the professionals within our health care system, this means freedom to find more efficient ways of spending without worrying that the government will siphon their savings off into other programs.

## ■ LAW ENFORCEMENT

The people of Ontario are rightly concerned about community safety in our province, particularly the increasing incidence of violent crime. That is why **funding for law enforcement and justice will be guaranteed.**

There are many constructive proposals which can help make our communities safer and our justice system more efficient at less cost. These measures are outlined in detail in our policy paper, "New Directions III: A Blueprint for Justice and Community Safety."

**Again, any savings we find in our justice system through greater efficiencies will be re-invested to ensure public safety in our streets and in our homes.**

## ■ EDUCATION

**Classroom funding for education will be guaranteed.**

That does not mean that savings cannot be found elsewhere in the education system. **Too much money is now being spent on consultants, bureaucracy and administration. Not enough is being invested in students directly.**

**Our principle of "classroom-based budgeting" will help ensure that this essential service is protected and, indeed, that excellence in education and training is enhanced.**

Education reform is essential if Ontario's next generation is to find high-paying, productive jobs in increasingly competitive world markets. Our proposals for education reform are outlined in detail in our policy document, "New Directions II: A Blueprint for Learning."

## FINDING THE SAVINGS

Consensus among Ontarians is that there is plenty of fat to be cut, and many ways that government can reduce its spending without affecting services.

*Here are the savings we've found so far...*


### ■ Fewer Politicians

**You have told us we have too many politicians.** Under this plan, we will **reduce the number of MPPs, from 130 to 99**, simply by using the same boundaries we use to elect federal MPs. We will enter into discussions with the federal government to ensure the new boundaries are fair.

Not only does each politician draw a salary and an expense allowance, but we must also pay for their office staff at


Queen's Park and in their riding. **Cutting the number of MPPs by 24% will set an example of cost-cutting to be followed by all levels of government and all departments and ministries.**

As well, we will end the sweet deals politicians have created for themselves. **Under this plan, MPPs' pensions will be abolished and replaced with an RRSP contribution program similar to those used by other professionals in Ontario. The tax-free benefits paid to politicians will also be abolished.** They will be paid a straight salary, just like ordinary Ontarians.

 **These measures will save Ontario taxpayers another \$1.1million.**

Our Welfare Reform plan includes a commitment to invest \$500 million in new and innovative programs to help those most in need and those who genuinely want a hand up, not a hand-out.


With fewer MPPs, we can also cut the cost of running elections by working cooperatively with Elections Canada to do the job.

 We estimate that this could save Ontario taxpayers an additional \$10 million.

### ■ Restructure the Bureaucracy

The provincial bureaucracy has grown by leaps and bounds over the past ten years. Not surprisingly, the government has tried to hide the exact number by talking about "person years" and by putting a vast number of bureaucrats on contract.

We are convinced that top quality public services can be provided at less cost, with fewer people. **We will trim the cost of the direct provincial government workforce by 15%** - the equivalent of some 13,000 employees, returning the system to the approximate size it was in 1985. Some parts of our current system may no longer be needed at all.

 This will save Ontario taxpayers \$650 million over two years.

Where possible we'll make our reductions through attrition and retirement packages. Where necessary, this process could mean cutting some positions. We are confident that the tremendous growth in the private sector will provide ample job opportunities for those who may be displaced.

### ■ Reform Welfare

We want to open up new opportunities and restore hope for people by breaking the cycle of dependency. That will be the goal of our welfare reform. **The best social assistance program ever created is a real job, and this plan will generate hundreds of thousands of those.** In the meantime, we must move to control costs and help people return to the workforce.


The facts are staggering. In the recession of 1982, just a dozen years ago, total welfare costs in Ontario were \$930 million. **Coming out of the current recession, we have four times as many people in the welfare system, and our costs are more than 6 times higher - an astonishing \$6.3 billion a year.**

We believe that government can play a key role in providing opportunity to those who want to get off welfare and back into productive lives. That's why **our plan includes a commitment to invest \$500 million in new and innovative programs to help those most in need and those who genuinely want a hand up, not a hand-out.**

This money will go into "workfare" and "learnfare" programs that link welfare with work and education (see next column), as well as into special programs for children in need (see page 10).

**While we can no longer afford the growing costs of the welfare system, we can keep benefits above the national average, and give recipients a chance to earn more money at part-time jobs.** Our plan for these reforms can be found under "Welfare Benefits" on page 11.

As a result of our Job Creation Program, we anticipate at least a **5% reduction in the number of people on welfare** in each of the first three years.

 This reduction will save Ontario taxpayers an estimated \$750 million.

### ○ "Workfare" and "Learnfare"

Ontario can do better than the status quo. **You have told us that you want to replace welfare with a work, education and training social policy that rewards individual initiative and demands responsible behaviour from recipients of public assistance, even as it expands opportunities to achieve self-sufficiency.** Ontario's welfare system needs to be results-oriented. We've created a system that justifies the existence of the bureaucrats who run it, but fails to work for the people who need it.

We should prepare welfare recipients to return to the workforce by **requiring all able bodied** recipients -- with the exception of single parents with young children -- **either to work, or to be retrained in return for their benefits.**

There are no short term cost savings in this, but we believe that **for every life we get back on track we are avoiding further costly programs down the road.** In the next few months, we will be asking charitable groups and other community organizations to meet with us and talk about ways in which this vision could be realized.

**Part of this vision will be a Youth Jobs Corps which will provide younger people with the opportunity to learn new skills while doing useful work for their community.** Community service activities would be mandatory for able-bodied welfare recipients 29 and under, unless they are enrolled in an education or training program, or are the single

parent of a child three years old or younger. Placement opportunities would match employment interests as much as possible.

### ○ Children In Need

Our obligation to those in need is even greater in the case of our children. Children living in poverty suffer from significantly higher infant mortality rates, lower life expectancies and tend to receive poor nutrition and education. As well, **there are nearly 200,000 welfare families headed by single parents.** Children in those families face even greater challenges.

Our targeted programs for children in need will be community based and will include:

- **A community nutrition program for school-aged children.** Studies have found that children who go to school hungry tend to do poorly in class, are more disruptive and suffer more health problems. **With leadership from the Premier, and with private sector and volunteer support, a breakfast or nutrition program can be implemented at little or no cost to taxpayers.**
- **A “Learning and Earning and Parenting” program.** Young single parents on welfare will be encouraged to stay in school and complete their educations. If they meet attendance standards, they will be eligible for child care and bonuses in their welfare cheques. **As many as 23,000 teens and young adults could be helped by this program.**
- **Homework Assistance Centres.** Expanding on the Hack House Program, a successful project in the North Bay area, these community based centres

will be staffed by volunteers, including secondary school, college and university students, who will serve as tutors and role models. The Hack House project is a partnership between the Nipissing First Nation and the Canadian Centre for Social Justice. Currently there are ten students in the project, who have increased their achievement in some cases by as much as 20%. Such centres will help motivate students to improve their school work, increase their appreciation for learning and enhance future employment opportunity.

- **Child support enforcement.** While inroads have been made in collecting child support over the past few years, there are still hundreds of millions of dollars owed to parents and their children. However, the current mandatory program of deducting child support from parents' paycheques has created an overburdened bureaucracy that fails to help all neglected parents and children.

**There are thousands of children paying the emotional price for their parents' separation** because of tensions and disputes between the separated parties. A program of mandatory mediation will help resolve many of those problems and reduce the need for courts or government to intervene.

**Government should concentrate its efforts on tracking down “deadbeat” parents and enforcing payment orders.** Parents who have reached amicable separation settlements and who have no dispute over support payments should be able to opt out of the government-mandated program. In the case of disputes, an immediate return to the mandatory deduction system will occur.

### ○ Seniors and the Disabled

Another important step in welfare reform will be to **move 170,000 of our citizens -- seniors and the disabled -- out of the “welfare system” altogether.** They should never have been there in the first place.

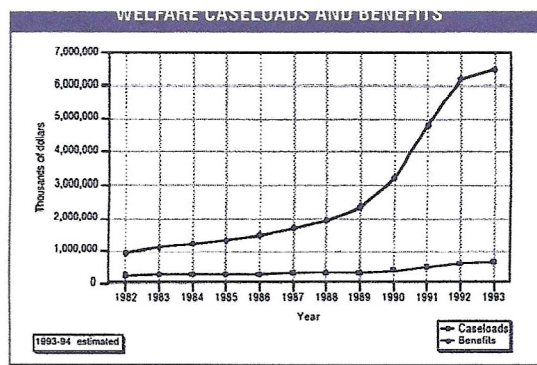
We will establish a new and separate income supplement program, specifically for those unable to work. **Funding for this program will be guaranteed at current levels. Aid for seniors and the disabled will *not* be cut.**

### ○ Welfare Fraud and Overpayments

**Every penny that is paid to the wrong person through mistake or fraud is food taken from the needy.** Fraud and overpayments must be stopped.

**The government has already admitted to the existence of massive overpayments in welfare benefits.** One estimate runs as high as \$247 million since 1990.

The government seems unable to tell how much fraud there is in the welfare system. Until recently, it denied there was a problem at all. **Estimates of welfare fraud have ranged from a few million to hundreds of millions of dollars.**



A province-wide computer system, coupled with a strictly enforced program of photo-identification for all welfare recipients will be at the centre of this effort.

**Improved management techniques, stricter eligibility requirements and fraud reduction will save Ontario taxpayers more than \$500 million over two years.**

### ○ Welfare Benefits

Ontario pays the highest welfare benefits not only in Canada, but anywhere in North America. This is one of the reasons our welfare caseload has swollen to record levels. The simple fact of the matter is that we can't afford it.

**Our plan will set welfare benefits at 10% above the national average of all other provinces.** This initiative is fair to all involved.

**It will save Ontario taxpayers \$1 billion.**

Under the plan a family of four currently on welfare would receive less than it gets today. However, we will allow anyone on welfare to earn back the difference between the current rate and the new, lower rate without penalty and without losing their eligibility.

Under the current rules, a welfare recipient who earns extra money is penalized. This discourages initiative and encourages welfare dependence.

Although the amount of money involved may not be large, **the possibility of part-time work opens the door for welfare recipients to learn new skills, work towards full-time employment and increase their self-esteem.**

We will devote \$100 million to a joint program between the public, private and volunteer sectors to ensure those opportunities are there. **Any welfare recipient who is willing to work will be able to maintain their income at the current level.**

### ■ Reform Education

**For years now, we have been spending more and more on education, but getting less and less in the classroom.** International comparisons have shown us all too clearly where Canada stands against its global competitors in this field. (see next page)

Interprovincial comparisons are worse. **Ontario spends \$14 billion a year on primary and secondary education -- more per-pupil than any other province -- and still gets a failing grade.**

We believe Ontario's education system is in need of system-wide reform, based on the principles of **providing opportunity to students, excellence in curriculum and teachers, and accountability to parents and taxpayers.** Our education reform plan is spelled out in our policy paper, "New Directions II: A Blueprint for Learning". Here, we will concentrate on how these reforms can reduce the burden on taxpayers.

### ○ Setting Priorities

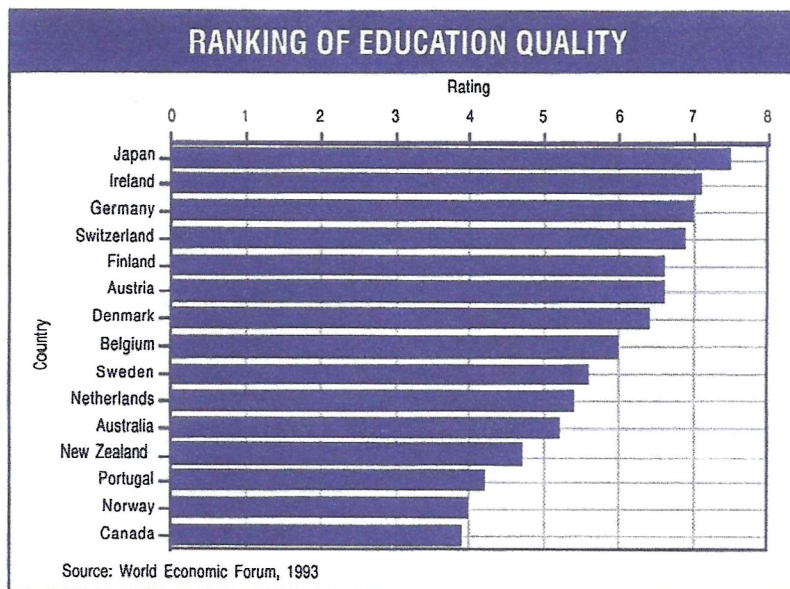
A large part of the problem is how little of our education investment actually reaches the classroom. Under this plan we will move to a system of **"classroom-based budgeting"**.

A greater share of our education spending must go to children in the classroom, not to "edu-crats", consultants and managers. **More than 45% of the education personnel we are paying for don't teach.** The system pays hundreds of millions of dollars to duplicate work done in other Boards and by the Ministry. Fundamental review is also required of the duplication of services and staffing among School Boards themselves.

**Cuts in these areas will save Ontario taxpayers at least \$400 million.**

**There are currently 171 school boards in the province.** There are boards representing English public schools, French public schools, English separate schools and French separate schools. Most of them run their own transportation services, do their own planning and make their own purchases. **Bureaucratic barriers stand in the way of more cost-efficient methods of operation.**

When the province of New Brunswick reduced the number of school boards from 42 to 18, the change saved five million dollars in the first year.



**\$400 million while maintaining funding for our post-secondary system at current levels.**

Access to higher education is central to our long-term economic potential as a province. **We will implement a new income-contingent loan program, similar to others being introduced around the world.** Our plan, to be called the Equal Opportunity Education Fund, will mean that no student with appropriate qualifications will be denied access to funding. Student loans will be repaid in the years after graduation, as a percentage of income on each student's provincial income tax form. Because repayments under this program are geared to future income, students will never be required to repay more than they can afford.

Estimates differ on the total cost of establishing such a plan. However, experts agree that such programs, with strong private sector involvement, can become self-financing in the medium to long term with considerable future savings to taxpayers.

We will work with all concerned parties to ensure that this program will provide equality of access to our essential post-secondary education system.

#### ○ Number of School Years

**Ontario is the only province that still has a five-year secondary school program. Reducing this to four years will save an estimated \$350 million a year.**

This program will have to be phased in, to allow time for curriculum schedules to be changed and to make sure current secondary school students are not affected. Any reductions in the number of teachers required could be managed through attrition.

Of course, constitutional guarantees of separate school education must be respected, while at the same time, providing the best possible education in the most effective manner.

**With a core curriculum set province-wide, and standardized testing at all levels, we know that we can spend more efficiently, while improving the quality of education we offer to students.** Central to this reform will be increased autonomy and decision-making for each school, and a significantly increased role for parents and community leaders.

#### ○ Trustees

Somehow the system has lost the idea that people run for school boards as a part-time commitment to make *education* better for our children. **Too many of today's trustees have become full-time politicians with a full-time salary, paid with our tax dollars.** Across Ontario, hospitals and universities with huge budgets and charitable organizations with large client bases are managed by volunteer boards. We are convinced that top people will also help manage our schools without being paid high salaries. We believe that our children's education should be overseen by citizens, not politicians. **So, we will enter into discussions with trustees and parents, to establish new job descriptions and methods for remuneration.**

#### ○ Junior Kindergarten

The role of the primary school system has been expanded over the last few years to include much younger children. **Government has continued this trend by making Junior Kindergarten mandatory for all primary schools as of the new school year in September.** There is growing uncertainty among educators and parents about the wisdom of busing three- and four-year old children and putting them in formal classroom settings. **Until a complete review has been made of the impact of Junior Kindergarten, we will allow school boards to opt out of the program.**

#### ○ Tuition Fees

Our universities and community colleges have suffered from government's failure to set priorities. A lack of sufficient funding has resulted in lower quality service to students. Providing proper funding will mean charging students a fairer share of the costs of the education they receive.

In 1992, a university student's tuition fee represented only 19% of the total cost of his or her education for the year. In the 1950s, by contrast, tuition fees represented 35% of the total operation costs of a university program. We propose to partially de-regulate tuition over a two year period, enabling schools to charge appropriately for their services. **This will enable Ontario taxpayers to save**

Increasing the number of school days in a year from 185 to 190 would bring Ontario into line with Alberta and British Columbia, and approximate the instructional levels in Great Britain. **The quality of our secondary education would be protected.**

### ■ Scrap the jobsOntario Program


**The jobsOntario Training Program has been an abysmal failure. It has placed less than a third of the 100,000 person target.**

The program has generated a massive bureaucracy which seems determined to spend its \$1.1 billion dollar budget on itself without any attention to results.

This carelessness has resulted in people such as a drug dealer in St. Catharines receiving funding, and a large amount of jobsOntario cash disappearing in a case now under police investigation. The Provincial Auditor has also begun investigating jobsOntario, but the Cabinet took over the program and put it under secrecy rules.

In some cases, the sloppy operation of the program has resulted in employers laying off permanent staff in order to take advantage of jobsOntario wage subsidies. The net result is no increase in employment.

**Fraud, abuse and misappropriation of funds have marred this program beyond repair. A government plan to spend millions of dollars more to advertise jobsOntario and to bring in consultants will not solve these problems.**

 **Scraping this failed program will result in savings of \$340 million.**

### ■ Cut Government Grants and Subsidies

**We will cut business subsidies and reduce government grants for total savings of \$200 million.** With increased economic activity, fewer subsidies to business will be necessary. We will also cut the bureaucracy involved in funding cultural and arts programs, ensuring that money for such programs is directed more to the artists, and less to the management structure. With billions of tax dollars back in the hands of consumers and businesses, we are confident that worthy causes will find additional support in the private sector.

### ■ Reduce the Capital Budget


Using the recently created Ontario Transportation Capital Corporation, all capital projects involving transportation would be consolidated, including high-way construction and capital spending on GO Transit, municipal roads and transit and airports.

At the same time, **\$300 million will be trimmed from the Transportation Ministry's capital budget.** The Capital Corporation can then raise this money on the private market.

### ■ Reform Government Housing

**We will end the public housing boondoggle that profits only the large property developers and return to a shelter subsidy program for all Ontarians who need help in affording a decent level of shelter.** This will eliminate the inefficiencies of government-owned and -operated housing. By spending money on people instead of bricks and mortar, we will be in a position to eliminate the two-year waiting list for affordable housing.

**Government subsidies currently average nearly a thousand dollars a month for a two-bedroom unit.** The Provincial Auditor says that the capital costs of building these units are often far higher than market value. By declaring a moratorium on non-profit building in 1995 we will stop the growth of operating subsidies.

 **This will provide a savings of \$250 million over the first term of a Harris Government.**


**We will also direct the Ontario Realty Corporation to develop a plan to sell the more than 84 thousand units owned by the Ontario Housing Corporation.** Our preferred approach would be to follow the British "council house" model and offer the current tenants the chance to own their own homes.

### ■ Reform Legal Aid

**We will reform the legal aid program, which currently permits repeat offenders continual access to taxpayers' funds and pays excessive fees when Ontario has a growing surplus of lawyers.** We are willing to examine all options to ensure continued access to legal counsel for those in need, including a public defender program.

Funding for legal aid has doubled in the last four years. Our target - the more reasonable 1989 levels of funding.

We will work with the Law Society of Upper Canada to find these savings and use their help to eliminate fraud and abuse in the Legal Aid System.

 **This will save Ontario taxpayers \$130 million**

# III. Removing Barriers to Growth

Dismantling active barriers to job creation, economic growth, savings and investment represents the third element of this plan.

**T**he Ontario Government has been driving jobs out of the province through 10 years of ideologically-driven legislation and over-regulation. No one knows for sure how many jobs these policies have cost us, but estimates range up to the hundreds of thousands.

We do know that many employers looked at Ontario as a prospective location for expansion or new investment, compared us to other provinces and U.S. states, and then gave us a pass. It doesn't have to be like this.


New Brunswick would have had a much tougher time wooing employers, large and small, ten years ago. The decision there to make some of the same kind of economic reforms we are proposing here has revitalized the economy of that province and made it more competitive. The same thing has happened under a Labour government in New Zealand.

**We don't have time in Ontario for a sterile political debate using the outdated labels of "left" and "right".** In our opinion, it is time to stop the arguing and take the common sense, practical steps we know will work here in Ontario. *That's what the Common Sense Revolution is all about!*

## THE KEY STEPS

### ■ Cutting Payroll Taxes

We will eliminate the Employer Health Tax on small businesses with payrolls less than \$400,000. These businesses create some 80% of the new jobs in Ontario. The costly burden of payroll taxes is stifling employment gains here. It must be removed.

 This tax cut will save Ontario's small business sector an estimated \$400 million and help make them more competitive.

### ■ Eliminating Red Tape

Starting a company in Ontario can mean going through as many as ten different government departments or agencies. Every year, Ontario passes

up to a thousand new regulations. It's little wonder that employers have to devote the equivalent of a month's work every year completing forms and complying with regulations. **We will appoint an arms-length commission on red tape to review all current regulations affecting business. Any regulation which can't be justified will be eliminated within 12 months of a Harris government taking office.**

### ■ Reforming Ontario Hydro

A 5 year freeze will be placed on Hydro rates to give consumers, employers and industries guaranteed stability in planning their budgets. This may mean more changes at Hydro, including some moves towards privatization of non-nuclear assets. The current Hydro chairman has already begun to lead this huge corporation back

in the right direction. We will work with him, and many others, to bring Hydro back to its proper role, providing reliable and affordable electrical power to Ontario.

### ■ Cutting Workers Compensation Board Premiums

**WCB premiums will be cut by 5%.** This will save Ontario employers an estimated \$98.5 million. We will also implement our previously published six-point program for reforming the WCB, which will eliminate the unfunded liability by 2014, as demanded by the Employers' Council of Ontario. The WCB will have to be revamped altogether to restore business confidence, protect workers and bring fiscal sanity to the Board's operations.

### ■ Labour Law Reform

**We will repeal the NDP's labour legislation -- Bill 40 -- in its entirety.** **Period.** It's a proven job killer. We will replace it with a better, balanced labour law package that will restore the balance between labour and management. We will also shift power from labour bosses to union members, restore individual choice and democratize internal union decision-making by introducing secret balloting for certification and strike votes.

### ■ Abolish Inter-provincial Barriers

**It has been estimated that barriers to trade *within* Canada cost each Ontario family as much as \$1,000 a year in lost income.** For years, federal efforts to end these job-killing barriers have failed. Ontario cannot afford to

wait for the glacial reform efforts of the federal government and certain other provinces. **We will initiate bilateral trade negotiations with any interested province immediately after the next election.**

We will break the current log-jam by offering to work with any other government that is willing to co-operate in driving down costs. For example, we might share the costs of administration for transportation. **We will actively work to initiate such cost-effective transactions at all levels of government.**

### ■ Free Choice in Child Care.

**By ending the NDP's efforts to nationalize all child care operations, we will open more options for parents to choose the kind of care they want for their children.** This will encourage more centres to open, allowing more single parents to find the daycare spaces they need while working.

## IV. Doing Better for Less

---

The people of Ontario have been sending a clear message to government for many years now, "We are not getting value for our money".

**The fourth part of the *Common Sense Revolution* will mean a sweeping change in the attitudes of those inside government and the expectations of all of us who consume its goods and services.** The fact is that each of us invests more in government than we do in anything else ... our homes, our children's education or planning for our retirement. We depend on the government to provide us with some of the things we need most in life, such as

health care, community safety and education. And yet, we don't demand the same quality of service from government that we expect at the corner store.

**In too many cases, wasteful spending has become entrenched in the system. We will weed it out.**

**All too often, public servants are ignored or even punished for trying to improve the system. We will reward them.**

**For too long, government has grown larger and still failed to meet the needs of the people. We will put people first.**

**Many of the things that government does can be done cheaper, faster and better if the private sector is involved.** In England, property tax collection and some welfare payments are being

administered by private sector firms. The result .... lower costs, higher collections, less fraud *and* more money for genuinely needy recipients. In Michigan, just over the border, every government function is being opened to private sector scrutiny. Bids are welcome from anyone who thinks they can do the same service better and cheaper.

The **Common Sense Revolution** will have a significant impact on the way in which government and its employees do business on a day-to-day basis, because it will demand that **government does business like a business**. In other words, in an efficient and productive manner that focuses on results and puts the customer first.

## SPENDING SMARTER

---

**We will reduce the costs of government administration. The same kind of innovations being employed in the private sector are likely to produce even greater savings when applied to government's bloated bureaucracy.**

**We will look at creative ideas for increasing the private sector's role.**

**We will create an expenditure review committee called the "Fat-Finding" Commission** with a mandate to find waste that can be cut, and ways of simplifying the government structure.



**We estimate that this new initiative will save Ontario taxpayers \$500 million over two years.**

**The budgetary system within the government bureaucracy must also be changed.** Right now, the system actually encourages the waste of public funds. For example, a department must spend all of the money allocated it in a fiscal year in order to get full funding for the next year. This encourages wasteful spending, particularly towards the end of each fiscal year. Instead, departments should be encouraged to save money and be rewarded for efficiency, not waste.

**Another way we will prevent wasteful spending is to legislate mandatory "sunset clauses"**. A sunset clause is a requirement that when a new government program is created, a set date for termination of that program is included. As the date approaches, the program is reviewed and either terminated, changed or continued .

There are other initiatives we will take to encourage smarter spending. **Performance bonuses for all public servants will be based on both results and savings to the taxpayer. Senior civil servant salaries and benefits will be disclosed to encourage greater accountability and restraint.**

We will start pilot projects measuring taxpayer satisfaction with a number of direct services (e.g. length of line-ups at driver's licence offices) and explore ways to directly link part of public servants' pay to this measure. If leading, forward-thinking businesses can make this shift, then government can do it too. This change will be genuinely exciting and genuinely revolutionary. **We'll have attractive, fast-tracked career paths in the Ontario government for smart, efficient, change-oriented women and men -- people genuinely committed to "public service"**.

We know there are many more sound ideas for making government more efficient. The Ontario Public Service Employees Union has developed several common sense proposals for ending

waste and duplication. **We will work with government employees, listening to their ideas and eliciting their help in taking action.**

## LESS GOVERNMENT

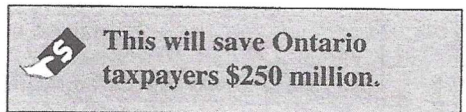
---

Canadians are probably the most over-governed people in the world. **We do not need every layer -- federal, provincial, quasi-governmental bodies, regional, municipal and school board -- that we have now.** We must rationalize the regional and municipal levels to avoid the overlap and duplication that now exists.

**The example being set by a Harris Government, of a 24% reduction in the number of MPPs and a 20% cut in non-priority spending, will set the benchmark for municipal politicians and trustees.** We will sit down with municipalities to discuss ways of reducing government entanglement and bureaucracy with an eye to eliminating

waste and duplication as well as unfair downloading by the province.

Different solutions may well apply in different regions across this province. But by the end of our first term, taxpayers deserve a restructuring of these cumbersome bureaucracies.



Resolving the issue of efficient local government will take a great deal of hard work. It is rare that politicians and bureaucrats voluntarily surrender power. But it must happen. **It's time to stop government growth once and for all.**

## ASSET SALES

---

**We will sell off some assets, such as the LCBO and surplus government land, to the private sector.** We will actively explore the sale of other assets, including TV Ontario. History has shown that the private sector can use such assets more efficiently and provide better service to the public.

**We believe the value of such assets is greater when being used to pay down the massive provincial debt than sitting on the government books.**

Marketable provincial assets will be transferred to an arms-length corporation charged with their sale. Strict

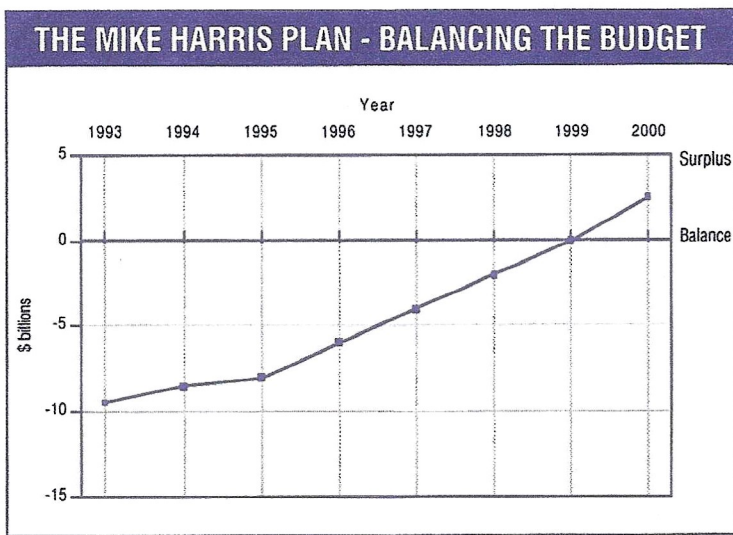
criteria will be established for selecting which assets we sell, and rigid guidelines will be established for protecting the public interest.

When a deal for a sale is made, it will be independently reviewed. A rigorous conflict of interest policy will be enforced and the entire process will be open to scrutiny by the Legislature and the public.

**The money we make from such asset sales will not go into the government accounts. Every penny will go directly to pay down the \$80 billion provincial debt.**

# V. A Balanced Budget Plan

Over the past ten years, tax-and-spend economics has nearly tripled our provincial debt to some \$80 billion. That debt is now increasing by about \$10 billion every year.



*The Mike Harris Plan will reduce our deficit and balance the budget within 4 years!*

**needed. The longer we wait, the harder it will be to stop the death spiral and begin paying off our massive debt.**

While this debt has damaged Ontario's international credit rating and put our economy in trouble, it is not too late to turn things around. **This plan will balance the Ontario budget in four years.**

With more than half a million Ontarians unemployed, jobs have to be the top priority. **But Ontario needs jobs today and jobs tomorrow. We need a realistic plan for wiping out the deficit and tackling our debt to stabilize our economy.** That's part of the good jobs climate we need

**N**ext year we will have to pay almost \$8 billion in interest on the provincial debt. We are now paying more for interest payments than we do for social assistance. **It's obvious that immediate action is**

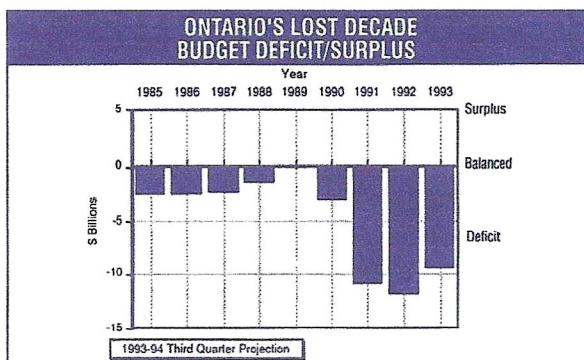
to create in order to attract new businesses and investment.

**By balancing the budget, we can also avoid future tax increases. In fact, we can look forward to cutting taxes again down the road, even as we start paying down the debt.**

Like paying down your credit cards, debt reduction means that interest charges are reduced. We will start paying down the provincial debt itself after four years, but before we can climb out of the financial hole, we must first stop digging it deeper every year.

Balancing the budget is tied directly to every other measure in our plan. **The tax and spending reductions and the creation of more than 725,000 jobs will all combine to ease the financial burden on government and bring the deficit down to zero.**

*That's what the Common Sense Revolution is all about!*



# The Next Step - Public Involvement

---

The Mike Harris plan exists to create jobs. In order to do this, we need to make some changes. We must get government spending under control. Our goal is clear -- we will cut 20% of all non-Health Care government spending.

**H**ealth care, law enforcement and classroom funding won't be touched, but many other programs will be affected. We haven't identified every cent of cuts that we need to find to reach our goal, but we **have put \$5.53 billion in specific proposals on the table.** That represents a reduction of about ten percent in total government spending.

**In order to meet our target, we need to find approximately \$500 million more. That's less than 1% of the total our government currently spends - not even one cent in every dollar. We believe we can do that - with your help.**

We are ready to listen, to learn and to work with anyone who wants to join us and who can show us more creative, more effective ways to end waste and duplication.

**Our commitment is carved in stone -- A 20% cut in non-priority spending in 3 years.**

**But how we get there will be discussed in partnership with all Ontarians.**

# Summary

---

This is the Common Sense Revolution -- the plan to create jobs and turn Ontario around. No hidden agenda. No juggling. Just the straight, unvarnished facts:

- **The creation of more than 725,000 new jobs in the next five years;**
- **A 20% cut in non-priority government spending, without touching the health care budget;**
- **A 30% cut in provincial income tax rate;**
- **The elimination of bureaucratic barriers to jobs, growth and investment;**
- **Doing better for less;**
- **A balanced budget in four years;**


We believe this plan represents the best way to reach our destination -- **more jobs, lower taxes and less spending**. It is the result of four solid years of work by thousands of people from all parts of the province. We are proud to put it on the table.

This is only the beginning. We want this document to stimulate an open, vigorous and honest discussion about Ontario's economic future. Let us be very clear .... **we are unconditionally committed to reaching our goals, but we are very open to discussing how we get there**. If there are better ideas out there about how to cut spending,

reduce waste and improve efficiency, we want to hear them! When this plan is implemented it will mean major change in Ontario. It's a Common Sense Revolution in the way our province is run. That's precisely why we have released the details of the plan now - so that you can think it through, ask questions, and perhaps help us find other, better ways to reach our goals.

We want you to join the Common Sense Revolution. If you believe that it is time to put Ontario on a different track ... If you believe we urgently need hundreds of thousands of new jobs.... If you believe that the way to get there is by cutting spending, balancing our budget, and giving you your money back in tax cuts so that you can be free to work, compete, create and achieve -- then this fight is *your* fight.

*That's what the Common Sense Revolution is all about!*

 Join the Common Sense Revolution. Call us, toll-free, at 1-800-903-MIKE.

# Appendix

---

The policies in this plan have been evaluated by Mark Mullins, Ph.D (Economics), Chief Economist at Midland Walwyn, one of Canada's most respected securities firms. His econometric model for Ontario indicates that this plan is achievable and realistic.

We have been *very* conservative in the assumptions we have made about the impact our plan will have on economic growth. However, this same conservative model tells us that this plan will enable our economy to grow by more than 725,000 jobs -- real, lasting productive employment opportunities for all Ontarians.

ECONOMIC PROJECTIONS: THE "REAL JOBS" PROGRAM					
	Yr. 1	Yr. 2	Yr. 3	Yr. 4	Yr. 5
Nominal Growth %	4.1	4.08	4.14	4.19	4.59
Inflation %	1.1	1.1	1.1	1.2	1.6
Economic Drag %	-0.4	-0.4	-0.4	-0.3	0.1

**The combination of a 30% income tax cut, a 20% spending reduction and the elimination of job-killing government barriers will make Ontario a magnet for new investment and new jobs. It will get people back to work and the economy moving again.**

