

FACT SHEET

Tax cuts

What They Promised

Middle-income families will finally get a break, thanks to Mike Harris' tax cut and other Common Sense Revolution policies.

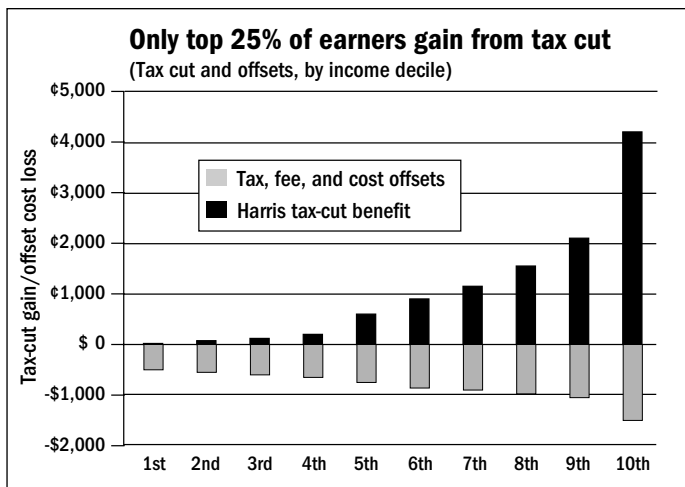
What They Delivered

Middle-income families have actually lost ground:

- 57% of the benefit from the tax cut goes to the highest-income 10% of Ontario households.
- The average household in Ontario has actually lost ground by \$28 under Mike Harris's policies, when just some of the user charges and other fees that have gone up are offset against the tax cut.
- Only the top 25% of households saw tax cuts outweigh offsetting costs.
- It is costing the average household \$200 just to pay the interest on the money the government had to borrow to pay for the tax cut.
- Increased university tuition fees means that, for an average family with young children who may pursue a post-secondary education, the higher fees completely wipe out a lifetime of benefits from the Harris tax cuts.
- An average senior citizen has already lost his or her tax cut through increased drug plan user charges.

What We Propose

The Ontario Alternative Budget proposes to restore public services, eliminate major user charges and eliminate the services downloads that have driven up property taxes. This is accomplished while maintaining benefits from the tax cut for all but the highest-income 20% of Ontario taxpayers.



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*For a budget summary,
 turn this page over.*



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What does the Ontario Alternative Budget do?

Our budget does three things:

- One: It discredits the Harris government's claim that its tax cuts and fiscal policies have produced substantial gains for middle-income earners;
- Two: It documents the devastating impact of the Harris government policies on Ontarians; and
- Three: It proposes an alternative budget that would restore public services to their real per-capita 1995-96 level while eliminating the deficit by 2001-2002.

Problems

Contrary to government claims,

- the reductions in income taxes of \$738 for the average family **will have no positive impact**, because provincial cuts in funding have led to increased user fees and property taxes, and other costs of at least \$766. These new costs **entirely wipe out the tax cut** for three-quarters of Ontario's families.
- if there had never been a Harris government (no public spending cuts; no tax cuts), **the budget would have been balanced in the 1998-99 fiscal year** anyway, through increased revenues. We would be discussing instead how to spend the surplus, not what to do about damaged public services.
- **nearly \$2 billion has been cut from health care** since Harris was elected, when inflation and population growth are taken into account.
- **Harris government policies actually have held back job growth in Ontario.** Ontario's job performance is entirely attributable to the lower Canadian dollar and growth in the U.S. economy.
- on a comparable per-capita basis, **\$570 per child has been removed from the public school system**, totalling \$1.2 billion.

Solutions

The Ontario Alternative Budget proposes to

- **increase revenues in order to restore public services and balance the budget by 2000-2001.** We can do this by restoring the tax cut that was given to the highest-income 20% of taxpayers, returning tobacco taxes to pre-1994 levels, and eliminating pointless tax breaks for business.

The Choice

The Ontario Alternative Budget shows that

- **Ontario's deficit and public service crisis is not inevitable** but the result of political choices made by a government that is not interested in the greater public good.
- **it is possible to reverse the damage caused by the Harris government and repair our public services** within a responsible taxation and fiscal framework.

Need more information? Contact us:

Ross McClellan, Legislative and Political Education Director

The Ontario Federation of Labour

15 Gervais Drive, Suite 202, Toronto, Ontario M3C 1Y8 (416) 441-2731

Web sites: www.efto.on.ca www.recoverontario.org