

**Remarks by John Tory
Leader of the Progressive Conservative Party of Ontario
Ontario Economic Summit**

CHECK AGAINST DELIVERY

I am delighted to be speaking to you once again this year.

I am going to make reference to some of the challenges and priorities I spoke to last year, particularly those which I believe to have been least addressed during the intervening year, recognizing that in a number of areas some progress has been made.

In many of these areas, and I would suggest with respect to the Ontario economy overall, there is not the sense of urgency we need if we don't want to be sitting here 5 years from now wondering why we didn't act sooner. There isn't any sort of plan to deal with the challenges our economy is facing.

On last year's list, the priority which appears least addressed in the context of the Province of Ontario is that taxes remain too high. While there has been some initiative taken by the Government of Canada to reduce corporate and personal taxes, if anything, taxes have increased in Ontario, as a direct or indirect result of the policies of the provincial government.

My travels give me the privilege of meeting entrepreneurs and manufacturers in all areas of the province and they all say the same thing: their costs are too high and on that list are taxes of all kinds and the regulatory burden which manifests itself in many cases in additional costs.

I made reference last year to the demonization of enterprise and how I believe this stands in the way of much needed tax relief for our enterprises, and I still think it does. The sooner the Government of Ontario gets over this largely political consideration and does what is necessary, starting now, in terms of both personal and corporate tax reductions, especially in light of significant surpluses, the healthier and more competitive our economy will be.

Second least addressed from last year's priority list is human capital. We continue to have drastic shortages either upon us or looming and there seems to be no real game plan to address this. This is why it is the second most mentioned challenge faced by the business people I talk to.

We continue to put roadblocks in the way of those who wish to deliver or be trained in a skilled trade. While we pretend there is co-operation between governments, educators, business and the labour movement, we also see rules, practices and funding shortfalls which indicate we are not taking this seriously enough.

Skilled immigrants continue to suffer a vastly diminished quality of life because we don't

have our act together when it comes to integrating people we invited to come to this country, in part because of the skills they have.

Co-ordination between and among governments is still sorely lacking. There has been no call to arms to get business involved in internships and mentorships. Everyone is engaged in some form of busy work but no one is really leading a coherent crusade.

And still on the human capital side, our commitment to higher education, and in particular to research is still not what it needs to be, nor is our commitment to delivering results from research done here. With the dollar, energy prices and foreign competition posing more challenges than ever, this places more of a premium on delivering results from research we are more than capable of performing here in Ontario which in turn will give us the value added we need to compete.

Third least addressed challenge is that of infrastructure. We really do fool ourselves with back end loaded programs which sound good but don't actually see anything getting started, let alone done, for years and years. Little or nothing has been done to address unacceptable time spent obtaining approvals. I am not suggesting sacrificing opportunities for input or environmental protection for example, but we simply must find ways to get things done faster especially as regards major public projects.

And we must also recognize that private sector participation in the financing and implementation of these projects should not be a last resort or an unattractive default. Private sector participation and partnerships are an absolute necessity if we are ever going to dig ourselves out of the infrastructure hole we are in.

When I read that Bordeaux built 45 kilometres of new transit in the past 10 years while Toronto managed to open only one subway to nowhere and have a couple of press conferences about another which is still years away, I know we have seen a triumph of expediency over results and the health of the Ontario economy can't sustain that.

And finally fourth least addressed is the doctors shortage which I made reference to last year. This is an economic issue in addition to being an issue of social well being. Our families must remain healthy for our economy to remain strong and when a million people continue to have no primary access to the health care system, that's a crisis.

Beyond that, I firmly believe that people looking to come here to study, to invest, or to work will not be as likely to come if they think they can't find a doctor or receive proper health care.

Again, the urgency just isn't there in dealing with this. Claims of progress are misleading and there is a dangerous complacency which somehow suggests the solution lies in graduates who will emerge years from now. In fact, even if all of those graduates do emerge and remain here in Ontario we have a serious problem which no one seems willing to address up front.

I also repeat here today my own strong belief that private delivery options for universally accessible publicly financed health care must be on the agenda as well as a serious commitment to vastly better information technology in our health care system.

We have such potential here in every single respect, but strong economic performance over a long time has, I'm afraid, made us shockingly complacent and caused a sense of drift that sees us heading into dangerous waters.

In the end, I believe it is institutions like this one which have the responsibility to aggressively push forward initiatives which can attract broad consensus. But after that, it is government that holds the primary responsibility for make sure these initiatives move ahead.

If reduction in taxation and regulation has been identified as something which will contribute to a stronger more competitive economy, when will we see a made in Ontario plan to address this, especially as surplus funds accumulate? Particularly when government in Ontario spends 30% more today than four years ago.

Why are we drifting to a severe shortage of doctors, nurses, public servants, police officers, skilled trades (and the list goes on and on) without any kind of a real, long term plan to address all of them. Can you imagine a well run business which would allow itself to simply run out of the people with the skills necessary to keep it going?

We have young people, we have smart people, we have a fantastic network of colleges and universities, we have a labour movement which repeatedly shows a willingness to sit down and talk. What we don't have is that sense of urgency, that sense of longer term accountability which dictates that we address these issues now, and I believe that leadership must start with governments.

Now those were some of last year's under-addressed challenges – taxation, infrastructure, human resources and in particular health care human resources.

I will add one more challenge which I urge the government to put on the table for immediate action, because time is not on our side.

A secure, affordable energy supply will be critical to the prosperous future the people of Ontario deserve.

While there will always be some up and down fluctuation, everything we read says the days of higher energy prices are not some cycle we will simply pass through. Especially for Ontario, with our concentration of energy intensive industries, we are going to have to develop a much more complete plan to deal with this.

Small steps forward have been taken in areas such as conservation and incentives to industries and people to find more efficient ways to use energy, but they are nowhere near enough, especially when it comes to maintaining our competitive position.

We must also stop being afraid to face up to another fundamental though controversial reality: we simply must make much bigger, bolder and faster investments in non-carbon energy production such as nuclear and solar. I mention nuclear first because even with its shortcomings, it has been safe, reliable and affordable in the Ontario context and again, it is going to take bold, confident leadership to move us forward with more nuclear and to be honest about how much more nuclear power we really need.

These challenges are all impacting our industrial and manufacturing base – the lifeline of our economy. And while those challenges are significant in and of themselves, there is one other, major complication that we now face – the currency.

A lower dollar helped us achieve a softer landing after the implementation of the free trade agreement but those days are over, probably for some period of time. As I listen to Ontario manufacturers, I think their ingenuity and determination in adapting to a higher dollar has been magnificent, but they can't keep doing it on their own.

While there is no single solution, I continue to believe the best thing we can do to help Ontario enterprise cope with a higher dollar is to create for them a competitive environment which takes away as many other irritants or obstacles as possible.

This means dealing with the issues which I have touched on today - competitive taxes, less burdensome and costly regulation, a real plan for human capital including skilled immigrants, an accelerated push on infrastructure, including the border, a secure affordable energy supply, and a real commitment to solving our doctor shortage.

Again, I ask you: what really bold steps have we taken in any of these areas. Do the steps which have been taken measure up to the threats we are facing? I say no and that to me is the real challenge that presents itself to a meeting like this.

Accompanying higher energy prices is the challenge within the Canadian federation of adapting to that reality. The new prices pose particular challenges for Ontario and Quebec, which, however you analyze it, still represent a significant percentage of our national population, our total economy and our national revenue, to name three relevant measures..

I have always been a Canadian first, probably like many in this room and we will do little to build a stronger Canada overall if we see its two biggest provinces significantly weakened. I'm not even sure a stronger Canada overall is possible if Ontario and Quebec in particular are significantly weakened.

This is not envy or a desire to stand in the way of the success being enjoyed, for example, by the energy producing provinces. It is a simple statement of reality namely that we must find ways within Ontario and within Canada to make sure that the new world of energy pricing does not get in the way of a stronger Canada overall.

Finally, three more challenges I want to briefly mention.

First the need for a united front in Canada. We simply can't afford to see various parts of the country going it alone anymore whether it be on securities regulation or on trade restrictions. Again, we have talked a really good game in these areas but really haven't done much and we have to decide whether we're serious or not. I don't think we have the option to pretend we can carry on with business as usual.

To me this means a real commitment to interprovincial free trade where we see the partners in Canada go in a room and not come out until they have a deal, even if it is phased in over a number of years. It means getting behind our Minister of Finance and moving forward with common securities regulations.

Second, we need a united front here in Ontario. This means the private and public sectors working even more closely together permitting organizations like the Chamber, the labour movement and the educational community to play leadership roles and broker real, bold progress on these issues.

This is particularly crucial when it comes to the human capital question as I think it is the most complex and difficult of all of the challenges we face and requires every stakeholder to play a part, and to put some water in their wine. It also requires something we just don't see in this province: pan-political co-operation where different levels of government and even different political parties are asked to join a common cause on this and other challenges we face.

Finally, I think we need to resolve to sell ourselves more effectively both as a province and as a country. Instead of "build it and they will come" which is complacent enough, we have gone one worse to "build it and don't tell anybody" which in my view denies us opportunities we should have and which we have earned.

I remember well being in India and Pakistan last year and being told that our educational institutions were really missing out on an opportunity to attract more students from those countries and whereas Australia and the UK were there in force, we were nowhere to be seen.

This is but one example of many and I hope we decide, as a province, and as a country -- because Canada as a whole has enough trouble getting noticed let alone its biggest province---I hope we decide to take this on with a sense of energy and urgency as I think it too will be essential to our future prosperity. Again, I commend the work of the Chamber to you in pursuing this important objective.

I am very bullish on Ontario and my remarks today are meant to represent more of a challenge to all of us to show more bold and urgent leadership, and to suggest quite forcefully that we must decide to work on these things together--business, labour, academe and the non profit sector to build our economy and to preserve our quality of life. Real change, real plans and real results really soon from meetings like this.

Yes, it's about the economy but it is also about the quality of life it finances.

Real change, real plans and real results really will have a lot to do with our ability to fulfill our huge economic potential and be true to our shared commitment to maintaining and enhancing a civil society.

I look forward to helping meet those challenges with you.