

Section **D**: Ontario's Revenue Outlook

The revenue forecast reflects the best use of information available at the time the fiscal plan is developed, including the Ministry of Finance's economic outlook and the estimated impacts of government policy decisions.

Since the 2007 Ontario Budget, the strength of the economy in 2007 has raised the taxation revenue base for 2007–08 and beyond. The taxation revenue outlook is also boosted by recent information related to processing of prior years' tax returns.

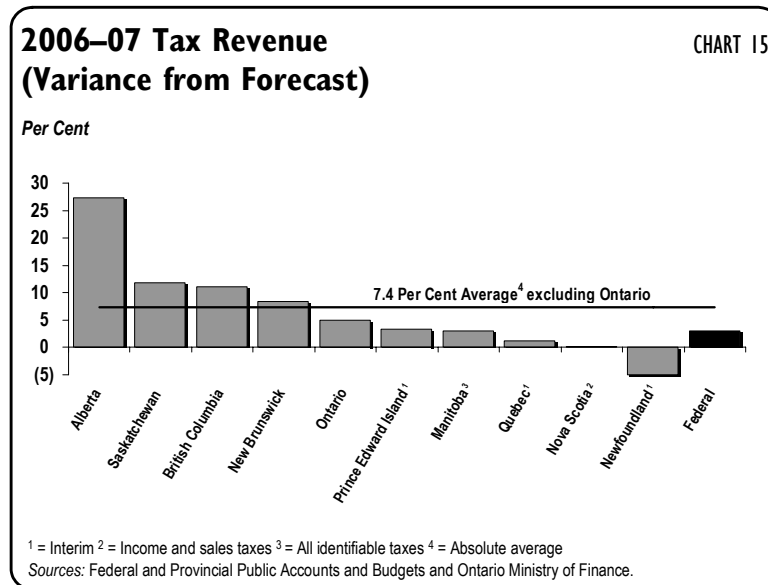
There are, however, still risks to the 2007–08 outlook, with important revenue information still to come later in the year. Changes in the current environment, especially the stronger Canadian dollar and higher oil prices, could affect economic performance over the rest of the fiscal year. As well, as past years' tax return processing is finalized over the coming months, the revenue outlook could change. Corporations Tax revenues are subject to the greatest uncertainty.

Growth in taxation revenues in 2008–09 and 2009–10 is moderated by a slower economic growth outlook for 2008 and 2009, reflecting a higher Canadian dollar, higher oil prices and a slower growth outlook for the U.S. economy. Uncertainty still exists over the medium term, particularly as it relates to potential sub-prime mortgage developments in the United States and their impacts on global financial markets. For more details on the economic outlook, see Section B: *Ontario's Economic Outlook*.

The revenue outlook reflects current federal–provincial funding arrangements and formulas for major health and social transfers. The outlook for Government of Canada Transfers has increased since the 2007 Budget due to new funding arrangements announced in the 2007 federal budget and revised estimates of Ontario's Canada Health Transfer and Canada Social Transfer entitlements.

The revenue outlook reflects a number of policy measures, including new tax measures and the government's decision to upload from municipalities the total cost of the Ontario Disability Support Program and Ontario Drug Benefits for social assistance recipients over four years starting in 2008. Municipalities currently reimburse the Province for a portion of the costs of delivering these programs. By the time it is fully implemented in 2011, the upload will save municipalities \$935 million a year. Tax measures are discussed in greater detail in Annex II: *Enhancing Ontario's Tax Competitiveness*.

INHERENT UNCERTAINTY IN FORECASTING REVENUES



Variances from revenue estimates arise due to the inherent uncertainties of predicting the future and lags in information flows. In recent years, actual revenues have been higher than estimated for reasons outlined in each year’s provincial annual report. For example, 2006–07 taxation revenues were \$3 billion higher than projected in the 2006 Budget Plan, mainly due to higher-than-expected Personal Income Tax and Corporations Tax revenue performance in 2006–07 and adjustments in these tax revenues related to earlier years. Other Canadian jurisdictions have had similar experiences. As Chart 15 shows, in 2006–07, Ontario taxation revenues were 5.0 per cent above forecast compared to the 7.4 per cent absolute average variance for other Canadian jurisdictions.

Taxation revenue estimates based on the economic outlook are largely developed using macro-econometric and micro-simulation models. Model-based forecasting that captures the relationship between a revenue source and its main economic drivers, given the structure of the tax system, is generally accepted as a best practice. Key assumptions and risks related to each major revenue source are discussed below. Additional details on the impact of changes in key planning assumptions are provided in Table 15, Selected Economic and Revenue Risks and Sensitivities.

SOURCES OF 2007–08 REVENUE CHANGE SINCE 2007 ONTARIO BUDGET

Summary of 2007–08 In-Year Revenue Change Since 2007 Ontario Budget Table 10
(\$ Millions)

Taxation Revenue		
Personal Income Tax	1,033	
Corporations Tax	816	
Ontario Health Premium	92	
Gasoline Tax	(53)	
Tobacco Tax	(78)	
Land Transfer Tax	183	
Electricity Payments-In-Lieu of Taxes	(42)	
All Other Taxes	173	
		2,124
Government of Canada		
Canada Health and Canada Social Transfer	464	
All Other Government of Canada	140	
		604
Income from Government Business Enterprises		
Ontario Lottery and Gaming Corporation	(15)	
Ontario Power Generation Inc. and Hydro One Inc.	(84)	
		(99)
Other Non-Tax Revenue		(32)
Total Revenue Change		2,597

Source: Ontario Ministry of Finance.

Personal Income Tax (PIT) is estimated to be \$1,033 million above forecast in 2007–08 mainly due to stronger 2007 wages and salaries growth and higher revenues from processing 2006 tax returns. Since the 2007 Budget, processing of 2006 and prior years' tax returns has increased 2006–07 revenues above Budget estimates, raising the base upon which growth is applied in forecasting PIT revenues for 2007–08 and beyond. Higher revenues than estimated in the 2006–07 Public Accounts result in a one-time increase to PIT revenues of \$250 million in 2007–08 as variances from past Public Accounts estimates are included in the current year. Personal Income Tax revenues in 2007–08 also include a \$120 million payment from the federal government in respect of past years' taxes. Also included is the impact of tax measures announced in the 2007 federal budget that Ontario paralleled and new proposed Ontario tax measures. Annex II: *Enhancing Ontario's Tax Competitiveness* outlines proposed new tax initiatives.

Corporations Tax (CT) revenues for 2007–08 are estimated to be \$816 million above the 2007 Budget projection mainly due to stronger 2007 corporate profit growth and higher revenues from processing prior-year tax returns. Since the 2007 Budget, processing of 2006 tax returns has increased estimated 2006–07 CT revenues. This has raised the revenue base upon which growth is applied in forecasting CT revenues for 2007–08 and beyond. Tax return processing has also boosted revenues above the estimates in the 2006–07 Public Accounts. This has resulted in a one-time increase to CT revenues of \$400 million in 2007–08 as changes to estimates from past Public Accounts are reflected in the current year. The CT revenue change also captures the impact of a number of tax measures since the 2007 Budget, including 2007 federal budget measures that are paralleled by Ontario and new Ontario tax measures as outlined in Annex II: *Enhancing Ontario's Tax Competitiveness*.

The increase in **Ontario Health Premium** (OHP) revenues of \$92 million largely reflects stronger-than-anticipated growth in 2007 wages and salaries and, similar to PIT and CT, a higher revenue base and a one-time revenue increase of \$48 million in 2007–08 related to processing 2006 tax returns.

Gasoline Tax revenue is estimated to be \$53 million less than forecast in the 2007 Budget due to lower gasoline consumption resulting from higher gasoline pump prices.

Tobacco Tax revenue is estimated to be \$78 million below forecast based on revenue performance to date. This reflects a combination of healthier lifestyles among Ontarians and contraband activity in the cigarette market. Further enforcement measures to combat illegal activity were introduced in the 2007 Budget.

The \$183 million increase in estimated **Land Transfer Tax** revenues reflects higher housing resale volumes and prices.

Electricity Payments-In-Lieu of Taxes are \$42 million below forecast, reflecting lower combined net incomes of Hydro One Inc. (HOI) and Ontario Power Generation Inc. (OPG) (see below).

All Other Tax revenues are estimated to increase by \$173 million, largely due to higher Mining Profits Tax revenues arising from higher commodity prices and higher Retail Sales and Employer Health Tax revenues consistent with stronger 2007 economic growth. The All Other Taxes change includes the impact of proposed new Ontario tax measures as outlined in Annex II: *Enhancing Ontario's Tax Competitiveness*.

Canada Health Transfer (CHT) and **Canada Social Transfer** (CST) revenues are estimated to be \$464 million above forecast mainly due to revised estimates of current and past-year entitlements under these programs. This results in a \$330 million increase in CHT and CST,

including a one-time revenue increase of \$220 million as variances from past Public Accounts estimates are reflected in the current year. In addition, 2007 federal budget changes to the calculation of entitlements under CHT and CST result in an additional \$134 million in revenues.

The increase in **Other Government of Canada Transfers** in 2007–08 is largely related to the 2007 federal budget announcement of funds for the patient wait-times guarantee and an immunization program to provide the human papillomavirus (HPV) vaccine. In addition, the federal government committed funding for a portion of the costs incurred by the Province in responding to the Caledonia situation.

The decrease in **Ontario Lottery and Gaming Corporation's** net income reflects funding for enhanced regulations for the lottery system by the Alcohol and Gaming Commission of Ontario in response to recommendations by the Ontario Ombudsman.

The decline in the combined net incomes of **HOI** and **OPG** is largely related to the Ontario Energy Board's August 16, 2007 decision on HOP's transmission rate application, which included a lower allowed return on equity for HOP's transmission business than assumed by the Province in the 2007 Budget.

Other Non-Tax Revenue is expected to decline, largely due to the government's decision to upload the cost of the Ontario Disability Support Program and Ontario Drug Benefits for social assistance recipients from municipalities over four years starting in 2008. Municipalities currently reimburse the Province for a portion of the costs of delivering these programs. When the upload is fully implemented in 2011, it will save municipalities \$935 million per year.

The overall 2007–08 fiscal outlook is discussed in Section C: *Ontario's Fiscal Plan*.

MEDIUM-TERM REVENUE CHANGES SINCE 2007 ONTARIO BUDGET

The medium-term revenue forecast reflects the Ministry of Finance's economic outlook and the estimated impacts of government policy decisions. Total revenues are projected to increase by \$4.9 billion between 2007–08 and 2009–10, or 2.6 per cent a year on average.

Summary of Medium-Term Outlook (\$ Billions)

Table 11

Revenue	Actual			
	2006–07	2007–08	2008–09	2009–10
Taxation Revenue	64.3	66.4	68.1	71.5
Personal Income Tax	23.7	24.3	25.3	26.9
Retail Sales Tax	16.2	16.7	17.5	18.4
Corporations Tax	10.8	11.4	11.2	11.5
Ontario Health Premium	2.6	2.7	2.8	2.9
All Other Taxes	11.0	11.3	11.4	11.8
Government of Canada	14.0	16.7	16.0	16.2
Income from Government Enterprises	4.2	3.9	4.4	4.4
Other Non-Tax Revenue	7.9	7.1	7.1	6.9
Total Revenue	90.4	94.1	95.7	99.0

Note: Numbers may not add due to rounding.

Source: Ontario Ministry of Finance.

The **Personal Income Tax** (PIT) revenue forecast is consistent with the economic outlook for strong wages and salaries growth in 2007 and more modest wages and salaries growth in 2008 and 2009. Personal Income Tax revenues are boosted in 2007–08 by a one-time adjustment of \$0.3 billion due to underestimation of 2006–07 PIT revenues in the Public Accounts and a further \$0.1 billion due to a payment from the federal government primarily related to a correction to Ontario's 2005 tax entitlements.

The PIT revenue forecast takes into account the impact of tax measures announced in the current and previous fiscal updates. In addition, the PIT revenue forecast reflects previously announced tax measures such as paralleling of federal government measures related to pension income splitting. The PIT revenue base tends to grow at a faster rate than incomes due to the progressive nature of the tax system.

Summary of Medium-Term Personal Income Tax Outlook
(\$ Billions)

Table 12

	2007–08	2008–09	2009–10
Total Projected Revenue	24.3	25.3	26.9
Measures Included in Total	(0.2)	(0.4)	(0.4)
Adjustments for Prior Years	0.3	–	–
Other One-Time Revenue	0.1	–	–
Base Revenue	24.1	25.7	27.3
Base Revenue Growth (Per Cent)	7.0	6.3	6.3
Wages and Salaries Growth (Per Cent)	4.9	3.8	4.0

Notes: Numbers may not add due to rounding.

“Measures Included in Total” represents the incremental revenue impact of all tax measures, announced previously and in this fiscal update, relative to their impact on revenue in 2006–07.

“Base Revenue” is “Actual Revenue” less the impact of tax measures or other one-time factors such as prior-year adjustments. Base revenues reflect the impact of underlying macroeconomic factors.

Source: Ontario Ministry of Finance.

Retail Sales Tax (RST) revenue growth is based on the forecast for increased spending by households and businesses. The RST outlook includes previously announced tax exemptions, which have been announced since the 2007 Budget.

The **Corporations Tax (CT)** revenue outlook largely reflects the outlook for pre-tax corporate profits. Corporations Tax revenues in 2007–08 include a one-time adjustment of \$0.4 billion due to underestimation of 2006–07 CT revenues in the Public Accounts. The 2007–08 CT outlook prudently includes an adjustment of \$0.2 billion due to risks associated with writedowns by corporations related to asset-backed commercial paper. The CT revenue outlook also reflects a number of tax measures proposed in the current and previous fiscal updates. Annex II: *Enhancing Ontario’s Tax Competitiveness* outlines Ontario’s proposed new tax initiatives.

Summary of Medium-Term Corporations Tax Outlook
(\$ Billions)

Table 13

	2007–08	2008–09	2009–10
Total Projected Revenue	11.4	11.2	11.5
Measures Included in Total	(0.6)	(0.9)	(1.0)
Asset-Backed Commercial Paper Risk	(0.2)	–	–
Adjustments for Prior Years	0.4	–	–
Base Revenue	11.8	12.1	12.6
Base Revenue Growth (Per Cent)	4.5	2.9	3.7
Profit Growth (Per Cent)	7.0	5.4	4.9

Notes: Numbers may not add due to rounding.

“Measures Included in Total” represents the incremental revenue impact of all tax measures, announced previously and in this fiscal update, relative to their impact on revenue in 2006–07.

“Base Revenue” is “Actual Revenue” less the impact of tax measures or other one-time factors such as prior-year adjustments. Base revenues reflect the impact of underlying macroeconomic factors.

Source: Ontario Ministry of Finance.

The **Ontario Health Premium** forecast is based on the outlook for rising employment and personal incomes.

The forecast for **All Other Taxes** is based on the economic growth outlook outlined in Section B: *Ontario’s Economic Outlook*. The forecast is developed on an item-by-item basis. For example, the forecast for Employer Health Tax revenues is based on the outlook for wages and salaries growth. The forecast for all other taxes takes into account the estimated impact of tax measures included in the 2007 *Moving Forward Together* campaign platform, such as Land Transfer Tax measures to expand assistance to first-time homebuyers.

The forecast for **Government of Canada** transfers is based on existing federal–provincial funding arrangements and formulas for major health and social transfers. The outlook is lower in the medium term due to one-time funding in 2007–08 related to Canada–Ontario Agreement commitments and the declining level of time-limited Trust funds such as the Wait Times Reduction Fund and those announced in the 2006 federal budget.

The **Income from Government Business Enterprises** outlook is based on information provided by the enterprises. Total income is forecast to increase by \$0.5 billion or an average annual rate of 6.5 per cent from 2007–08 to 2009–10, with increased net incomes across all major business enterprises. Government business enterprises include the Liquor Control Board of Ontario, Ontario Lottery and Gaming Corporation, OPG and HOI.

The forecast for **Other Non-Tax Revenue** is based on information provided by government ministries and provincial agencies. Between 2007–08 and 2009–10, other non-tax revenues are

forecast to decline slightly by \$0.1 billion. This is due to the government's decision to upload from municipalities the total cost of the Ontario Disability Support Program and Ontario Drug Benefits for social assistance recipients over four years starting in 2008.

The medium-term fiscal plan is discussed in Section C: *Ontario's Fiscal Plan*.

SOURCES OF MEDIUM-TERM REVENUE CHANGE SINCE 2007 ONTARIO BUDGET

Summary of Medium-Term Revenue Change Since Budget (\$ Billions)			
Table 14			
Key Revenue Changes Since 2007 Ontario Budget	2007–08	2008–09	2009–10
Prior-Year Tax Return Processing — Ongoing	0.9	1.1	1.2
Prior-Year Tax Return Processing — One Time	0.9	–	–
Stronger 2007–08 Economic Growth	1.4	1.5	1.5
Slower Economic Growth in 2008 and 2009	0.0	(0.5)	(0.6)
Tax Policy Measures	(0.7)	(1.0)	(0.7)
Government of Canada Transfers (2007 Federal Budget)	0.3	0.1	0.1
Other	(0.1)	(0.3)	(0.4)
Total Revenue Changes	2.6	1.0	1.2

Notes: Numbers may not add due to rounding.
Source: Ontario Ministry of Finance.

The medium-term forecast for total revenues is higher in each year compared to the 2007 Budget.

Since the 2007 Budget, processing of **prior years' tax returns** has boosted the estimated 2006–07 revenue base upon which growth is applied for 2007–08 and beyond. Higher past-year tax return processing amounts than estimated at the time of the 2006–07 Public Accounts result in a **one-time** revenue pickup in 2007–08. Under Public Sector Accounting Board (PSAB) accounting rules, variances from past Public Accounts estimates are picked up in the current year.

Strong revenue growth as a result of **stronger 2007–08 economic growth** also contributes to a higher revenue base upon which growth is applied for 2008–09 and onwards.

A **slower economic growth outlook in 2008 and 2009** reduces revenues in 2008–09 and 2009–10. The economic outlook is discussed in greater detail in Section B: *Ontario's Economic Outlook*.

New **tax policy measures** announced since the 2007 Budget lower the revenue outlook. These include paralleling of tax measures announced in the 2007 federal budget and other

measures announced by the Province. More details on proposed tax measures can be found in Annex II: *Enhancing Ontario's Tax Competitiveness*.

The **2007 federal budget** included measures that result in a net increase in Government of Canada transfers over the medium term. Among these were changes to the CHT and CST, including a move to a 10-province standard for calculating equalization entitlements under the CHT and a move to a per-capita basis for calculating CST entitlements. The 2007 federal budget also included funding for the patient wait-times guarantee and for an immunization program to provide the HPV vaccine.

Other changes largely reflect the government's decision to upload from municipalities the entire cost of the Ontario Disability Support Program and Ontario Drug Benefits for social assistance recipients over four years starting in 2008 and the impact on electricity-sector revenues of the Ontario Energy Board's August 16, 2007 decision regarding the allowed return on equity for HOI's transmission business.

POTENTIAL RISKS TO PROVINCIAL REVENUE

A growing economy with rising incomes, corporate profits and consumer spending generates higher revenues to pay for public services. Taxation revenues make up the largest category of Provincial revenue. Of the \$94.1 billion in total revenues forecast for 2007–08, \$66.4 billion, or 71 per cent, is expected to come from taxation revenues. Three revenue sources within this category — Personal Income Tax, Retail Sales Tax and Corporations Tax — account for 56 per cent of total revenues. Inherent in any multi-year forecast is uncertainty about the future, making cautious and prudent planning a critical element of managing public finances.

This section highlights some of the key sensitivities and risks to the fiscal plan that could arise from unexpected changes in economic conditions. It should be cautioned that these estimates, while useful, are only guidelines and actual results can vary depending on the composition and interaction of the various factors. The risks are those that could have the most material impact on the largest revenue sources. There is a broader range of potential additional risks that are not included because either they are not as material or are difficult to quantify. For example, Income from Government Business Enterprises, representing roughly four per cent of total revenues, could be affected by changes in each business's particular business environment. This environment could be affected, for instance, by economic, market, policy and regulatory developments. Likewise, the outlook for Government of Canada transfers reflects current federal–provincial funding agreements but could change with new funding arrangements.

Selected Economic and Revenue Risks and Sensitivities
Table 15

Item/Key Components	2007–08 Assumption	2007–08 Sensitivities
Total Revenues		
– Real GDP	1.9 per cent growth in 2007	\$720 million revenue change for each percentage point change in real GDP growth. Can vary significantly, depending on composition and source of changes in GDP growth.
– GDP Deflator	3.0 per cent increase in 2007	
– Canadian Interest Rates	4.1 per cent three-month treasury bill rate in 2007	Between \$70 million and \$360 million revenue change in the opposite direction for each percentage point change in interest rates.
– U.S. Real GDP	2.1 per cent growth in 2007	Between \$215 million and \$505 million revenue change for each percentage point change in U.S. real GDP growth.
– Canadian Dollar Exchange Rate	94.0 cents US in 2007	Between \$30 million and \$130 million revenue change in the opposite direction for each one cent change in the Canadian dollar exchange rate.
Total Taxation Revenues		
– Revenue Base ¹	4.7 per cent growth in 2007–08	\$620 million revenue change for each percentage point change in nominal GDP growth. Can vary significantly, depending on composition and source of changes in GDP growth.
– Nominal GDP	5.0 per cent growth in 2007	
Personal Income Tax (PIT) Revenues		
– Revenue Base	7.0 per cent growth in 2007–08	
<i>Key Economic Assumptions</i>		
– Wages and Salaries	4.9 per cent growth in 2007	\$320 million revenue change for each percentage point change in wages and salaries growth.
– Employment	1.6 per cent growth in 2007	
– Unincorporated Business Income	4.9 per cent growth in 2007	\$34 million revenue change for each percentage point change in unincorporated business income.
<i>Key Revenue Assumptions</i>		
– Net Capital Gains Income	14.4 per cent increase in 2007	\$12 million revenue change for each percentage point change in net capital gains income growth.
– RRSP Deductions	5.2 per cent growth in 2007	\$16 million revenue change in the opposite direction for each percentage point change in RRSP deductions growth.
– 2006 Tax-Year Assessments ²	\$21.0 billion	\$420 million revenue change for each percentage point change in 2006 PIT assessments. ⁴

Selected Economic and Revenue Risks and Sensitivities

Item/Key Components	2007–08 Assumption	2007–08 Sensitivities
– 2005 Tax-Year and Prior Assessments ²	\$1.0 billion	\$20 million revenue change for each percentage point change in 2005 and prior PIT assessments. ⁴
Retail Sales Tax Revenues		
– Revenue Base	3.3 per cent growth in 2007–08	
<i>Includes:</i>		
– Taxable Household Spending	2.8 per cent growth in 2007–08	
– Other Taxable Spending	3.8 per cent growth in 2007–08	
<i>Key Economic Assumptions</i>		
– Retail Sales	3.6 per cent growth in 2007	
– Nominal Consumption Expenditure	4.4 per cent growth in 2007	\$125 million revenue change for each percentage point change in nominal consumption expenditure growth.
Corporations Tax Revenues		
– Revenue Base	4.5 per cent growth in 2007–08	
– Corporate Profits	7.0 per cent growth in 2007	\$60 million revenue change for each percentage point change in pre-tax corporate profit growth.
– 2006–07 Tax Assessment Refunds ³	\$1.5 billion payable in 2007–08	\$30 million revenue change in the opposite direction for each percentage point change in 2006–07 refunds. ⁴
– 2006–07 Tax Payments upon Filing	\$1.1 billion receivable in 2007–08	\$22 million revenue change for each percentage point change in 2006–07 payments upon filing. ⁴
– 2006–07 Tax Assessment Payments	\$1.1 billion receivable in 2006–07 and 2007–08	\$22 million revenue change for each percentage point change in 2006–07 assessment payments. ⁴
Employer Health Tax Revenues		
– Revenue Base	5.1 per cent growth in 2007–08	
– Wages and Salaries	4.9 per cent growth in 2007	\$42 million revenue change for each percentage point change in wages and salaries growth.
Ontario Health Premium (OHP) Revenues		
– Revenue Base	4.2 per cent growth in 2007–08	
– Personal Income	5.3 per cent growth in 2007	\$24 million revenue change for each percentage point change in personal income growth.
– 2006 Tax-Year Assessments	\$2.4 billion in 2006	\$48 million revenue change for each percentage point change in 2006 OHP assessments.

Selected Economic and Revenue Risks and Sensitivities

Item/Key Components	2007–08 Assumption	2007–08 Sensitivities
Gasoline Tax Revenues		
– Revenue Base	0.0 per cent growth in 2007–08	
– Gasoline Pump Prices	99.6 cents per litre in 2007	\$5 million revenue change in the opposite direction for each cent per litre change in gasoline pump prices.
Fuel Tax Revenues		
– Revenue Base	3.5 per cent growth in 2007–08	
– Real GDP	1.9 per cent growth in 2007	\$6 million revenue change for each percentage point change in real GDP growth.
Land Transfer Tax Revenues		
– Revenue Base	17.5 per cent decline in 2007–08	
– Housing Resales	9.0 per cent increase in 2007	\$14 million revenue change for each percentage point change in both the number and prices of housing resales.
– Resale Prices	7.5 per cent growth in 2007	
Canada Health Transfer⁵		
– Ontario Population Share	38.8 per cent in 2007–08	\$32 million revenue change for each tenth of a percentage point change in population share.
– Ontario Basic Federal PIT Share	42.2 per cent in 2007–08	\$8 million revenue change in the opposite direction for each tenth of a percentage point change in Ontario's basic federal PIT share.
Canada Social Transfer⁵		
– Ontario Population Share	38.8 per cent in 2007–08	\$10 million revenue change for each tenth of a percentage point change in population share.

¹ Revenue base is revenue excluding the impact of measures, adjustments for past Public Accounts estimate variances and other one-time factors.

² Ontario 2006 Personal Income Tax (PIT) is a forecast estimate because 2006 tax returns have not yet been finalized by the Canada Revenue Agency.

³ Corporation Tax Refunds arising during 2006–07 are still an estimate because tax returns for corporate fiscal years ending in Ontario's 2006–07 fiscal year are still being assessed by the Tax Revenue Division of the Ministry of Revenue.

⁴ Now that the 2006–07 Public Accounts of Ontario have been finalized, any change in 2006 PIT and OHP assessments or 2006–07 Corporations Tax revenues will have a dual effect on 2007–08 revenues through: a) a change in the revenue base upon which this year's growth is applied, and b) a revenue adjustment applied against the current year in respect of any variance from the estimate included in the 2006–07 Public Accounts.

⁵ These sensitivities have been updated since the 2007 Ontario Budget to reflect changes to these programs announced in the 2007 federal budget, including a move to determining Canada Social Transfer entitlements based solely on population share.
