

# Section F : Details on Ontario's Finances

## Medium-Term Fiscal Plan and Outlook (\$ Billions)

Table 19

	Actual	Current Outlook		
	2006–07	2007–08	2008–09	2009–10
<b>Revenue</b>	<b>90.4</b>	<b>94.1</b>	<b>95.7</b>	<b>99.0</b>
<b>Expense</b>				
Programs	79.3	84.3	85.6	88.8
Interest on Debt	8.8	9.1	9.2	9.4
<b>Total Expense</b>	<b>88.1</b>	<b>93.4</b>	<b>94.8</b>	<b>98.2</b>
Reserve	–	0.8	0.9	0.9
<b>Surplus/(Deficit)</b>	<b>2.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Investment in Capital Assets	2.1	3.5	3.5	4.0
Net Debt <sup>1</sup>	141.1	143.1	145.1	147.6
Accumulated Deficit <sup>1</sup>	106.8	106.8	106.8	106.8
Gross Domestic Product (GDP) at Market Prices	557.8	585.7	607.9	632.2
Net Debt as a per cent of GDP	25.3	24.4	23.9	23.3
Accumulated Deficit as a per cent of GDP	19.1	18.2	17.6	16.9

<sup>1</sup> Net Debt is calculated as the difference between liabilities and financial assets. The annual change in Net Debt is equal to the surplus/deficit of the Province plus the change in tangible capital assets and the change in net assets of hospitals, school boards and colleges. Accumulated Deficit is calculated as the difference between liabilities and total assets including tangible capital assets and net assets of hospitals, school boards and colleges. The annual change in the Accumulated Deficit is equal to the surplus/deficit. For fiscal 2006–07, the change in the Accumulated Deficit includes an adjustment to the unfunded liability of the Ontario Electricity Financial Corporation made at the beginning of the year.

*Note:* Numbers may not add due to rounding.

**2007–08 Fiscal Outlook — In-Year Change**  
 (\$ Millions)

**Table 20**

	<b>Budget Plan 2007–08</b>	<b>Current Outlook 2007–08</b>	<b>In-Year Change</b>
<b>Revenue</b>	<b>91,503</b>	<b>94,100</b>	<b>2,597</b>
<b>Expense</b>			
Programs	82,030	84,283	2,253
Interest on Debt	9,123	9,067	(56)
<b>Total Expense</b>	<b>91,153</b>	<b>93,350</b>	<b>2,197</b>
Reserve	750	750	–
<b>Surplus/(Deficit)</b>	<b>(400)</b>	<b>0</b>	<b>400</b>

**Revenue**  
(\$ Millions)

**Table 21**

	2003–04	2004–05	2005–06	Actual 2006–07	Current Outlook 2007–08
<b>Taxation Revenue</b>					
Personal Income Tax	18,301	19,320	21,041	23,655	24,318
Retail Sales Tax	14,258	14,855	15,554	16,228	16,711
Corporations Tax	6,658	9,883	9,984	10,845	11,421
Employer Health Tax	3,753	3,886	4,197	4,371	4,598
Ontario Health Premium	–	1,737	2,350	2,589	2,730
Gasoline Tax	2,264	2,277	2,281	2,310	2,348
Fuel Tax	681	727	729	723	748
Tobacco Tax	1,350	1,453	1,379	1,236	1,139
Land Transfer Tax	909	1,043	1,159	1,197	1,370
Electricity Payments-In-Lieu of Taxes	627	511	951	757	664
Other Taxes	347	283	292	399	396
	<b>49,148</b>	<b>55,975</b>	<b>59,917</b>	<b>64,310</b>	<b>66,443</b>
<b>Government of Canada</b>					
Canada Health and Social Transfer (CHST)	7,345	–	–	–	–
Canada Health Transfer (CHT)	–	5,640	7,148	7,702	8,439
Canada Social Transfer (CST)	–	2,912	3,324	3,478	3,869
CHST Supplements	577	775	584	–	–
Social Housing	528	522	520	532	528
Infrastructure Programs	150	209	285	191	161
Wait Times Reduction Fund	–	242	243	467	468
Medical Equipment Funds	192	387	194	–	–
Other Government of Canada	1,101	1,195	953	1,666	3,245
	<b>9,893</b>	<b>11,882</b>	<b>13,251</b>	<b>14,036</b>	<b>16,710</b>
<b>Income from Investment in Government Business Enterprises</b>					
Ontario Lottery and Gaming Corporation	2,106	1,992	2,027	1,945	1,786
Liquor Control Board of Ontario	1,045	1,147	1,197	1,307	1,343
Ontario Power Generation Inc. and Hydro One Inc.	(17)	444	1,107	947	756
Other Government Enterprises	(64)	(5)	(23)	(3)	2
	<b>3,070</b>	<b>3,578</b>	<b>4,308</b>	<b>4,196</b>	<b>3,887</b>
<b>Other Non-Tax Revenue</b>					
Reimbursements	1,206	1,241	1,295	1,415	1,448
Electricity Debt Retirement Charge	1,000	997	1,021	991	1,013
Vehicle and Driver Registration Fees	985	976	763	970	1,032
Power Sales	510	610	779	863	831
Other Fees and Licences	594	506	550	624	585
Liquor Licence Revenue	488	489	516	467	455
Net Reduction of Power Purchase Contract Liability	104	236	396	412	398
Sales and Rentals	532	352	465	1,108	430
Royalties	248	278	191	215	217
Miscellaneous Other Non-Tax Revenue	622	721	773	790	651
	<b>6,289</b>	<b>6,406</b>	<b>6,749</b>	<b>7,855</b>	<b>7,060</b>
<b>Total Revenue</b>	<b>68,400</b>	<b>77,841</b>	<b>84,225</b>	<b>90,397</b>	<b>94,100</b>

**Total Expense  
(\$ Millions)**

**Table 22**

	2003-04	2004-05	2005-06 <sup>1</sup>	Actual 2006-07	Current Outlook 2007-08
<b>Ministry Expense</b>					
Aboriginal Affairs	15	21	50	25	38
Agriculture, Food and Rural Affairs	843	799	865	800	880
Attorney General	1,225	1,204	1,287	1,347	1,409
Board of Internal Economy	196	145	150	163	245
Children and Youth Services	2,597	2,788	3,267	3,260	3,669
Citizenship and Immigration	55	64	92	116	86
Community and Social Services	5,972	6,361	6,718	7,182	7,373
Community Safety and Correctional Services	1,690	1,732	1,750	1,877	1,931
Culture	327	344	475	410	350
Democratic Renewal Secretariat	–	2	2	6	8
Economic Development and Trade	76	70	176	199	332
Education	350	361	440	423	451
School Boards' Net Expense	9,423	10,274	10,886	11,290	12,102
Energy	169	194	207	229	312
Environment	263	305	274	314	327
Executive Offices	24	19	19	19	18
Finance	691	539	583	569	445
Ontario Municipal Partnership Fund/Community Reinvestment Fund	651	626	714	758	917
Francophone Affairs, Office of	3	3	4	4	5
Government and Consumer Services	530	962	625	856	885
Health and Long-Term Care <sup>2</sup>	16,218	17,555	17,841	19,162	20,207
Hospitals' Net Expense <sup>2</sup>	12,946	13,877	14,816	16,145	17,384
Health Promotion	202	236	290	391	373
Intergovernmental Affairs	6	13	10	11	9
Labour	117	129	141	147	161
Municipal Affairs and Housing	634	770	926	843	760
Natural Resources	623	559	628	734	782
Northern Development and Mines	189	320	337	318	356
Public Infrastructure Renewal <sup>3</sup>	(35)	41	107	426	444
Research and Innovation	160	236	332	316	328
Revenue	533	523	442	563	598
Small Business and Entrepreneurship	15	20	26	25	26
Tourism	212	167	210	204	209
Training, Colleges and Universities	2,811	3,293	3,504	4,110	4,452
Colleges' Net Expense	1,090	1,289	1,185	1,273	1,454
Transportation	1,800	1,815	2,188	2,733	2,056
<b>Other Expense</b>					
Capital Contingency Fund	–	–	–	–	1,115
Community Reinvestment Fund One-Time Transition Funding	–	233	–	–	–
Electricity Consumer Price Protection Fund	253	–	–	–	–
Interest on Debt	9,604	9,368	9,019	8,831	9,067
Move Ontario	–	–	1,232	6	–
One-Time and Extraordinary Assistance to Agricultural Sector	64	601	282	278	359
Operating Contingency Fund	–	–	–	–	614
Pension and Other Employee Future Benefits	309	458	729	557	533
Power Purchases	797	840	803	863	831
Teachers' Pension Plan	235	240	295	345	349
Year-End Savings	–	–	–	–	(900)
<b>Total Expense</b>	<b>73,883</b>	<b>79,396</b>	<b>83,927</b>	<b>88,128</b>	<b>93,350</b>

<sup>1</sup> Starting in 2005-06, the Province's financial reporting was expanded to include hospitals, school boards and colleges using one-line consolidation. Prior to 2005-06, historical figures reflect grants to these entities for comparison purposes.

<sup>2</sup> The 2003-04 expenses for Health and Long-Term Care and Hospitals include \$824 million of SARS-related and major one-time health costs. The 2007-08 figures reflect a change in the presentation of expense in the Health Sector to be consistent with the 2006-07 Public Accounts. This change in presentation does not affect total expense.

<sup>3</sup> Credit expense amount relates to consolidation adjustments between Ontario Realty Corporation and ministry to reflect net spending for the year.

**2007–08 Infrastructure Expenditures  
(\$ Millions)**

**Table 23**

Sector	Total Infrastructure Expenditures 2006–07 Actual	2007–08 Current Outlook		
		Investment in Capital Assets	Transfers and Other Expenditures in Infrastructure <sup>1</sup>	Total Infrastructure Expenditures
Transportation				
Transit	1,624	598	493	1,091
Highways	1,426	1,549	154	1,703
Other Transportation	76	5	28	33
Health				
Hospitals	375	623	5	628
Other Health	183	50	176	226
Education				
School Boards	1,000	–	1,016	1,016
Colleges	73	184	0	184
Universities	52	–	77	77
Water/Environment	360	32	230	262
Municipal and Local Infrastructure <sup>2</sup>	473	2	549	551
Justice	102	89	47	136
Other	682	287	1,164	1,451
<b>Total<sup>3</sup></b>	<b>6,426</b>	<b>3,419</b>	<b>3,939</b>	<b>7,358</b>

<sup>1</sup> Mainly consists of transfers for capital purposes to municipalities and universities, expenditures for servicing capital-related debt of schools, and expenditures for the repair and rehabilitation of schools. These expenditures are included in the Province's Total Expenses in Table 22.

<sup>2</sup> Municipal and local water and wastewater infrastructure investments are included in the Water/Environment sector.

<sup>3</sup> Total expenditures include \$86 million in flow-throughs in Investment in Capital Assets (for provincial highways) and \$160 million in flow-throughs in Transfers and Other Expenditures in Infrastructure (\$28 million in Transportation, \$45 million in Water/Environment, \$87 million in Municipal and Local Infrastructure).

**Ten-Year Review of Selected Financial and Economic Statistics**  
(\$ Millions)

	1998–99	1999–00	2000–01
<b>Financial Transactions</b>			
<b>Revenue</b>	<b>56,050</b>	<b>65,042</b>	<b>66,294</b>
<b>Expense</b>			
Programs	49,036	53,347	53,519
Interest on Debt	9,016	11,027	10,873
<b>Total Expense</b>	<b>58,052</b>	<b>64,374</b>	<b>64,392</b>
Reserve	–	–	–
<b>Surplus/(Deficit)</b>	<b>(2,002)</b>	<b>668</b>	<b>1,902</b>
<b>Net Debt<sup>3, 4</sup></b>	<b>114,737</b>	<b>134,398</b>	<b>132,496</b>
<b>Accumulated Deficit<sup>3</sup></b>	<b>114,737</b>	<b>134,398</b>	<b>132,496</b>
Gross Domestic Product (GDP) at Market Prices	377,897	409,020	440,759
Personal Income	304,652	321,702	347,653
Population (000s)	11,367	11,506	11,685
Net Debt per Capita (dollars)	10,094	11,681	11,339
Personal Income per Capita (dollars)	26,801	27,959	29,752
Total Expense as a per cent of GDP	15.4	15.7	14.6
Interest on Debt as a per cent of Revenue	16.1	17.0	16.4
Net Debt as a per cent of GDP	30.4	32.9	30.1
Accumulated Deficit as a per cent of GDP	30.4	32.9	30.1

<sup>1</sup> Starting in 2002–03, major tangible capital assets owned by Provincial ministries (land, buildings and transportation infrastructure) are accounted for on a full accrual accounting basis. Other tangible capital assets owned by Provincial ministries will continue to be accounted for as expense in the year of acquisition or construction. All capital assets owned by consolidated organizations are accounted for on a full accrual basis.

<sup>2</sup> Starting in 2005–06, the Province's financial reporting was expanded to include hospitals, school boards and colleges using one-line consolidation. Total expense prior to 2005–06 has not been restated to reflect expanded reporting.

<sup>3</sup> Net Debt is calculated as the difference between liabilities and financial assets. The annual change in Net Debt is equal to the surplus/deficit of the Province plus the change in tangible capital assets and the change in net assets of hospitals, school boards and colleges. Accumulated Deficit is calculated as the difference between liabilities and total assets including tangible capital assets and net assets of hospitals, school boards and colleges. The annual change in the Accumulated Deficit is equal to the surplus/deficit. For fiscal 2005–06, the change in the Accumulated Deficit includes the opening combined net assets of hospitals, school boards and colleges that were recognized upon consolidation of these Broader Public Sector entities. For fiscal 2006–07, the change in the Accumulated Deficit includes an adjustment to the unfunded liability of the Ontario Electricity Financial Corporation made at the beginning of the year.

<sup>4</sup> Net Debt is restated in 2003–04, 2004–05 and 2005–06 to reflect the value of hydro corridor lands transferred to the Province from Hydro One Inc.

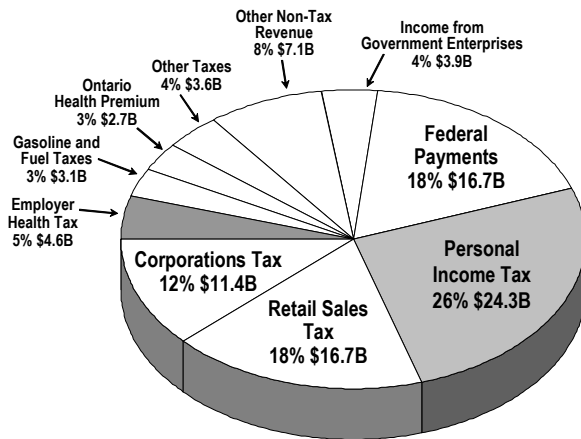
Sources: Ontario Ministry of Finance and Statistics Canada.

Table 24

2001–02	2002–03 <sup>1</sup>	2003–04	2004–05	2005–06 <sup>2</sup>	Actual 2006–07	Current Outlook 2007–08
66,534	68,891	68,400	77,841	84,225	90,397	94,100
55,822	59,080	64,279	70,028	74,908	79,297	84,283
10,337	9,694	9,604	9,368	9,019	8,831	9,067
<b>66,159</b>	<b>68,774</b>	<b>73,883</b>	<b>79,396</b>	<b>83,927</b>	<b>88,128</b>	<b>93,350</b>
–	–	–	–	–	–	750
<b>375</b>	<b>117</b>	<b>(5,483)</b>	<b>(1,555)</b>	<b>298</b>	<b>2,269</b>	<b>0</b>
<b>132,121</b>	<b>132,647</b>	<b>138,816</b>	<b>140,921</b>	<b>141,928</b>	<b>141,100</b>	<b>143,079</b>
<b>132,121</b>	<b>118,705</b>	<b>124,188</b>	<b>125,743</b>	<b>109,155</b>	<b>106,776</b>	<b>106,776</b>
453,701	477,763	493,081	516,792	536,908	557,784	585,673
361,187	369,420	381,127	399,828	417,835	438,030	461,037
11,898	12,102	12,263	12,420	12,565	12,705	12,804
11,104	10,961	11,320	11,346	11,295	11,106	11,175
30,357	30,526	31,079	32,192	33,253	34,476	36,008
14.6	14.4	15.0	15.4	15.6	15.8	15.9
15.5	14.1	14.0	12.0	10.7	9.8	9.6
29.1	27.8	28.2	27.3	26.4	25.3	24.4
29.1	24.8	25.2	24.3	20.3	19.1	18.2

### Composition of Current Revenue Outlook 2007-08

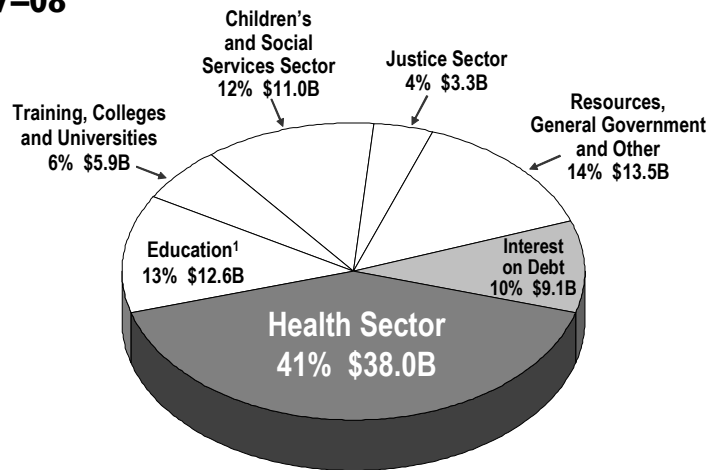
CHART 16



Note: Numbers may not add due to rounding.

### Composition of Current Total Expense Outlook 2007-08

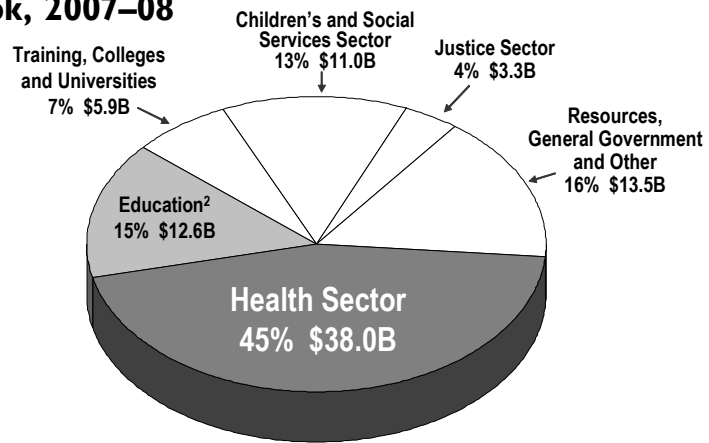
CHART 17



<sup>1</sup> Excludes Teachers' Pension Plan.  
Note: Numbers may not add due to rounding.

### Composition of Current Program Expense<sup>1</sup> Outlook, 2007-08

CHART 18



<sup>1</sup> Program expense equals total expense minus interest on debt.

<sup>2</sup> Excludes Teachers' Pension Plan.

Note: Numbers may not add due to rounding.

