

F OREWORD

The McGuinty government has a vision of improving public services while delivering balanced budgets. To realize this vision, Ontario must maintain its prudent and disciplined fiscal management in the face of external challenges. At the same time, it must continue investing in key priorities to improve Ontarians' standard of living and further enhance Ontario's ability to thrive in the global economy.

The government will implement its plan in the context of a strong Ontario economy that has proven resilient in an increasingly challenging global economic environment. However, Ontario's economic growth continues to be challenged by external factors such as high oil prices, the strong Canadian dollar and an increasingly competitive global economy. Recent softening in U.S. demand is creating further challenges.

The government is taking immediate action to strengthen Ontario's economic advantage and help manufacturing, forestry, agriculture and tourism weather economic challenges. In the recent Throne Speech, the government presented its commitment to a more prosperous Ontario. In this document, the McGuinty government is delivering on that commitment with measures to further strengthen Ontario's economic advantage by investing in people, businesses and communities. Annex I: *A Stronger Ontario* expands on the steps being taken.

Maintaining a competitive tax structure supports the economy's fundamental economic strengths. It also helps Ontario remain an advantageous place for business investment and job creation. More information can be found in Annex II: *Enhancing Ontario's Tax Competitiveness*.

The Ontario economy remains fundamentally strong and is on track to outperform the 2007 Ontario Budget forecast. However, private-sector economists predict that future economic growth prospects have been dampened by external challenges. The Province's fiscal situation has improved from an inherited \$5.5 billion deficit in 2003–04 to a \$2.3 billion surplus in 2006–07. Despite lower projections for economic growth, Ontario is on track to deliver five consecutive balanced budgets through 2009–10. As outlined in Annex III: *Ontario's Economic and Fiscal Outlook*, the McGuinty government has a solid plan to maintain a balanced budget while meeting the commitments of its 2007 *Moving Forward Together* campaign platform.

One of the benefits of balanced budgets is that they keep down future costs related to financing the debt. As a result of Ontario's fundamentally strong economy and demonstrated success in managing the Province's finances, its credit ratings are strong. Long-term public borrowing by the Province is summarized in Annex IV: *Borrowing and Debt Management*.

In the interests of improving transparency and accountability, the McGuinty government annually publishes estimated cost of expenditures made through the tax system. These are provided in Annex V: *Transparency in Taxation*.

Annex VI: *Economic Data Tables* provides extensive information about the recent performance of Ontario's economy.

The McGuinty government has an ambitious mandate. The 2008 Budget will take further steps towards implementing the plan to move Ontario forward. Part of this involves hearing firsthand from Ontarians. That is why the Minister of Finance will soon be hosting pre-budget consultations with individuals, organizations, associations and other stakeholders across the province. For more information, see Annex VII: *How to Participate in the 2008 Pre-Budget Consultations*.