

2007 Federal Budget Impacts on Ontario's Fiscal Plan

The 2007 federal budget contains a number of measures that may affect Ontario's fiscal plan.

- In some cases, 2007 federal budget measures have already been included in Ontario's document.
- To fully understand and incorporate the effect of other measures, proposed federal legislation and regulations will need to be analyzed.
- In some cases, the government of Ontario will need to consider, from a policy and fiscal perspective, whether it will parallel certain of the federal actions.

Federal Measures	Possible Impact on Fiscal Plan
<p><i>Canada-Ontario Agreement (COA)</i></p> <ul style="list-style-type: none"> ➤ In keeping with commitments of the former and current federal governments, revenues from this agreement have been in Ontario's fiscal plan since its 2006 budget. ➤ Specific features of the original May 2005 agreement have evolved but, in substance, Ontario now considers the agreement to be satisfied. 	<p>No Impact (Included in plan)</p>
<p><i>Clean Air and Climate Change Trust</i></p> <ul style="list-style-type: none"> ➤ The federal budget includes provisions for the already-announced ecoTrust – a \$1.5 billion national fund, from which Ontario will receive \$586 million. ➤ Ontario's 2007 budget proposes to apply this funding to ongoing and new programs, including nearly \$125 million of initiatives announced in this budget and more than \$200 million of initiatives to be announced later this spring. ➤ Funding for climate change initiatives was included in Ontario's 2006 budget, as part of the COA (see above). 	<p>No Impact (Included in Plan)</p>
<p><i>Canada Social Transfer</i></p> <ul style="list-style-type: none"> ➤ The federal budget responds to Ontario's long-held position that federal transfers outside the Equalization Program should be distributed on an equal per capita cash basis. ➤ Ontario has made historic investments in postsecondary education through Reaching Higher, while awaiting a full partnership with the federal government. ➤ Similarly, Ontario continued with Best Start commitments after the federal government cancelled the Early Learning and Child Care funding. The 2007 budget makes new investments in child care and services for children. ➤ Ontario is proposing to deliver an Apprenticeship Training Tax Credit that provides \$95 million in benefits each year. 	<p>No Impact (Included in plan)</p>
<p><i>Wait Times Guarantee Trusts and HPV Vaccine Trust</i></p> <ul style="list-style-type: none"> ➤ The federal government has proposed to create two trusts to assist with provincial costs associated with providing wait time guarantees, and a trust to launch a national program to provide the HPV vaccine. ➤ Ontario has already developed a wait times strategy which includes additional procedures and improved wait times information systems. New federal revenues have not been included in Ontario's fiscal plan but will be used to support the strategy. 	<p>Possible Impact (See Table)</p>

Federal Measures	Possible Impact on Fiscal Plan
Canada Health Infoway (CHI) Funding <ul style="list-style-type: none"> ➤ The federal government has proposed funding for health information technology. ➤ While the 2007 Ontario budget includes proposed funding for e-Health initiatives, it does not include any of the proposed federal funding. ➤ Ontario will work with CHI for funding to support its e-Health strategy. 	Impact to be Determined
New Programs Requiring Provincial Cost Matching <ul style="list-style-type: none"> ➤ Certain federal policy proposals may involve matching provincial contributions. ➤ These include certain infrastructure investments, grants through the Canada Foundation for Innovation and recent agriculture announcements. ➤ Although there was no specific federal requirement to cost share the \$400 million immediate payment to farmers, the Province is prepared to provide its share. 	Impact to be Determined
Tax Changes <ul style="list-style-type: none"> ➤ Ontario's 2007 budget incorporates the federal proposal to allow income splitting for certain forms of pension income. ➤ Ontario's 2007 budget also announces that the province will flow through the full amount of the Working Income Tax Benefit to social assistance recipients. 	No Impact (Included in Plan)
<ul style="list-style-type: none"> ➤ In addition to measures anticipated in Ontario's 2007 budget, the federal government proposed a number of other tax measures that may have an effect on Ontario's personal and corporate tax revenues. 	Impact to be Determined (See Table)

The table on page 145 of the Budget Papers (Chapter II) outlines the COA-equivalent revenue included in the fiscal plan. These amounts are not materially affected by the 2007 federal budget.

The table below provides information on revenue measures included in the 2007 federal budget that were not contemplated in Ontario's 2007 budget. Additional provincial spending that may be associated with the Wait Times and Immunization trusts would reduce the net fiscal benefit of these measures.

Preliminary Estimate of Other Revenue Measures Announced in the 2007 Federal Budget
(\$ Millions)

	2006-07	2007-08	2008-09	2009-10	Total
Trusts					
Patient Wait Times Guarantee Trust		65	65	65	195
Patient Wait Times Guarantee Trust Top Up		10	10	10	30
Immunization Trust		39	39	39	117
sub-total		114	114	114	341
Tax Measures					
CIT Impacts ¹			(67)	(142)	(209)
FIT Impacts	(15)	(62)	(72)	(76)	(225)
sub-total	(15)	(62)	(139)	(218)	(434)
Total Revenue Impacts Not Included in the Fiscal Plan	(15)	52	(25)	(104)	(93)

¹ Assumes that Ontario would parallel federal corporate income tax base changes with the commencement of corporate tax harmonization in 2009.
Note: Numbers may not add due to rounding.

Over the next several months, Ontario will be providing a number of financial reports, as required under the *Fiscal Transparency and Accountability Act*, that will provide the opportunity to reflect impacts that have not yet been incorporated in Ontario's fiscal plan.

Ce budget est également disponible en français.

You can access the 2007 Budget and all related budgets at www.ontariobudget.ca or by calling
1-800-337-7222.
