

Request for Decision City Council



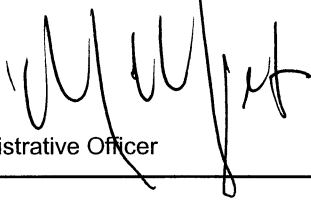
Type of Decision									
Meeting Date	May 12, 2005				Report Date	May 12, 2005			
Decision Requested		Yes	<input checked="" type="checkbox"/>	No	Priority	<input checked="" type="checkbox"/>	High		Low
	Direction Only				Type of Meeting	<input checked="" type="checkbox"/>	Open		Closed

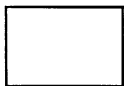
Report Title
2005 Provincial Budget

Policy Implication + Budget Impact	
<input checked="" type="checkbox"/>	This report and recommendation(s) have been reviewed by the Finance Division and the funding source has been identified.
<input checked="" type="checkbox"/>	Background Attached

Recommendation
FOR INFORMATION ONLY
Recommendation Continued

Recommended by the Department Head
<p>for </p> <p>S. Jonasson Acting Chief Financial Officer / Treasurer</p>

Recommended by the C.A.O.
<p></p> <p>M. Mieto Chief Administrative Officer</p>



Date: May 12, 2005

Report Prepared By

Division Review

C. Mahaffy
Manager of Financial Planning & Policy / Deputy Treasurer



BACKGROUND

On Wednesday, May 11, 2005, the Minister of Finance presented the 2005 Ontario Budget. This budget does not contain many significant municipal incentives. Rather, it touches on areas for which announcements have already been made, such as the Ontario Municipal Partnership Fund, and the Canada Ontario Municipal Rural Infrastructure Fund.

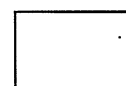
Attached are the following:

- ▶ 2005 Ontario Budget News Release
- ▶ 2005 Ontario Budget Highlights
- ▶ 2005 Ontario Budget Backgrounders
- ▶ Municipal Finance Officers Association (MFOA) brief on the 2005 Ontario Budget

In the MFOA brief, the following are highlighted:

1. Border Improvements - \$129 million previously announced for this undertaking
2. Transit Investment - a ten year commitment for transit in Toronto and Ottawa
3. COMRIF - first round of COMRIF projects, which were recently announced
4. OSIFA - additional funding for OSIFA loans, which are to be made available for culture, tourism and recreation projects this year.
5. Southern Ontario Highway System - improvements to the 401 and QEW, and planning for other southern highways.
6. Golden Horseshoe Growth - various programs earmarked for this area of growth
7. Municipal Funding Initiatives - a summary of the Ontario Municipal Partnership Fund, the continuation of the Gas Tax sharing announced last year, funding for affordable housing for which no details are available, and additional COMRIF allocations for water and sewer infrastructure.
8. 15,000 New Affordable Housing Units - are to include units for people with mental health illness and victims of domestic violence and people in remote communities. However, no details are available on this program.

Of particular interest to Sudbury, Appendices B and C of the MFOA brief indicate that the Ministry of Northern Development and Mines will be receiving \$32 million in additional operating funding and \$64 million more in capital funding.





Ministry of Finance

Ministry of Finance

2005 ONTARIO BUDGET: News Releases



For immediate release
May 11, 2005

2005 BUDGET INVESTS IN PEOPLE — STRENGTHENS ONTARIO'S ECONOMY \$6.2 Billion Investment in Postsecondary Education — 2004-05 Deficit Reduced to \$3 Billion

Queen's Park - The McGuinty government today unveiled its second Budget, which makes key investments in Ontario's priorities — education, health and a strong economy — while making significant progress towards eliminating the deficit.

"I'm proud to announce today that this Budget includes the largest multi-year investment in postsecondary education and training in 40 years — a historic investment in better universities, colleges and training that will result in new jobs and economic growth," said Ontario Minister of Finance Greg Sorbara. "Our plan is to deliver better schools for better learning, better health care for healthier Ontarians, smart investment in infrastructure for a strong economy, and strong financial management."

The Budget, which contains no new taxes, projects a balanced budget by 2008-09 at the latest. The deficit will be eliminated a year earlier if the reserve is not required. The 2004-05 deficit has been reduced by almost half of what the government inherited, to \$3 billion.

Under *Reaching Higher: The McGuinty Government Plan for Postsecondary Education*, \$6.2 billion more will be spent on postsecondary education and training between now and 2009-10. By 2009-10, spending on postsecondary education will be \$1.6 billion higher than planned in 2004-05. Highlights of *Reaching Higher* include:

- ▶ Budget 2005 Home
- ▶ Budget Speech 2005
- ▶ Budget Papers
- ▶ News Releases
 - ▶ 2005 Budget Invests in People — Strengthens Ontario's Economy
 - ▶ H. Ian Macdonald Visiting Economist
- ▶ Highlights
- ▶ Backgrounders
 - ▶ Reaching Higher: The Plan for Postsecondary Education PDF Version (90 K)
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- ▶ Increased financial aid for 135,000 low- and middle-income students this year;
- ▶ Significantly increasing the number of college and university students enrolled in postsecondary education;
- ▶ Expanding new first-year medical education spaces by 15 per cent; and
- ▶ Increasing the number of new apprentices to 26,000 annually by 2007-08.

"We are making an essential strategic investment in our people — one that will translate into a competitive advantage and economic growth for Ontario," Sorbara said. "In return for this massive investment, we will demand more access, quality and accountability."

The McGuinty government is providing more doctors and nurses, reducing wait times and keeping people healthy by:

- ▶ Increasing the number of Family Health Teams to 150 by 2007-08 to provide comprehensive primary health care on a 24/7 basis to 2.5 million Ontarians;
- ▶ This year providing almost 2,900 more cancer surgeries, 14,000 or 13 per cent more cataract surgeries, almost 7,000 or eight per cent more cardiac procedures, over 4,300 or 16 per cent more hip and knee joint replacements and 53,200 or 19 per cent more MRI exams; and
- ▶ Improving access to community support services for more than 232,000 seniors, frail elderly and people with disabilities by 2007-08.

"The government's plan is to do more to help people stay healthy, to better care for them if they do become sick, and to do what is necessary to ensure medicare is sustained for generations to come," said Sorbara.

The government will continue to invest in children's education, from preschool to high school graduation through:

- ▶ Best Start, which will substantially increase licensed child care spaces and make child care fee subsidies available to more families;
- ▶ Class sizes are already smaller in 1,300 schools and steps are being taken to achieve the cap of 20 students per JK to Grade 3 class;
- ▶ Training 8,000 more teachers to improve student achievement and help more students meet Provincial standards in reading and math; and
- ▶ Good Places to Learn fund will allow school boards to undertake \$4 billion in school construction, facility repair and renewal projects over three years.

"We are delivering on our promise of smaller class sizes and higher student achievement," Sorbara added. "Ontario parents expect, and their children deserve, no less."

The Budget outlines plans to strengthen Ontario's economy through critical investments in infrastructure and innovation, including:

- ▶ A five-year, \$30 billion infrastructure plan for roads, transit, hospitals, schools, colleges and universities;
- ▶ 15,000 units of affordable housing; and
- ▶ A proposed Research Council of Ontario to make the province a leader in research and innovation.

"Our plan is working because of the discipline we have brought to the management of our finances," Sorbara said, adding that the government is holding the line on costs in most ministries in order to be able to invest in priority areas.

"This Budget is a balanced, responsible approach that we believe is the right one for Ontario's future," Sorbara said. "It is a plan to invest in our people — in their health, education and prosperity — to strengthen our economy and to ensure that Ontario is the place to be for years to come."

- 30 -

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Ministry of Finance
416 212-2155

Ce document est également disponible en français
You can access the 2005 Budget and all related documents at
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▲
top



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Ministry of Finance

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2005 ONTARIO BUDGET: Highlights



PDF Version (389 K)

2005 ONTARIO BUDGET

Highlights

Investing in People Strengthening our Economy

2005 BUDGET INVESTS IN PEOPLE AND STRENGTHENS OUR ECONOMY

The McGuinty government's second Budget makes key investments in education, health and a strong economy — while making significant progress toward eliminating the deficit. The 2005 Budget builds on our progress:

- ▶ In postsecondary education — with a historic, multi-year investment — the largest in 40 years;
- ▶ In education — with more child care spaces, smaller classes and peace and stability in our school system;
- ▶ In health — with more doctors and nurses, shorter wait times and keeping people healthy;
- ▶ In a strong economy — through investments in postsecondary education, infrastructure, innovation and key sectors; and
- ▶ On deficit reduction — by reducing the deficit by \$2.5 billion in 2004-05 — almost half of what the government inherited.

REACHING HIGHER: THE MCGUINTY GOVERNMENT PLAN FOR POSTSECONDARY EDUCATION

- ▶ Budget 2005 Home
- ▶ Budget Speech 2005
- ▶ Budget Papers
- ▶ News Releases
 - ▶ 2005 Budget Invests in People — Strengthens Ontario's Economy
 - ▶ H. Ian Macdonald Visiting Economist
- ▶ Highlights
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 - ▶ Reaching Higher: The Plan for Postsecondary Education PDF Version (90 K)
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 - ▶ A Responsible and Disciplined Fiscal Plan PDF Version (87 K)

We are making an essential strategic investment in our people — one that will translate into a competitive advantage and economic growth for Ontario. The brains and know-how of a skilled workforce are the economic edge of the 21st century.

- ▶ \$6.2 billion more for colleges, universities and training — the largest multi-year investment in postsecondary education in 40 years;
- ▶ 135,000 low and middle-income students will receive more financial aid in 2005-06; and
- ▶ Significantly increasing the number of college and university students enrolled in postsecondary education, including enhanced access for aboriginals, persons with disabilities, francophones, new Canadians and first-generation students.

BETTER HEALTH

We are providing more doctors and nurses, shortening wait times, and keeping people healthy through additional investments in health care.

- ▶ 52 Family Health Teams providing care to more than one million Ontarians — one-third of the way to our goal of 150 by 2007-08;
- ▶ 13 per cent more cataract surgeries, 8 per cent more cardiac procedures, 16 per cent more hip and knee joint replacements, 19 per cent more MRI exams and almost 2,900 more cancer surgeries this year; and
- ▶ Spending smarter by promoting community-based care and improving the health of Ontarians through the addition of three new free vaccines for kids, promoting healthier lifestyles and increasing public health funding.

SUCCESS FOR STUDENTS

We are continuing to invest in our children's education, from preschool through to high school graduation.

- ▶ Peace and stability in our school system, thanks to four-year collective agreements;
- ▶ Best Start program will increase child care spaces and expand child care fee subsidies;
- ▶ 1,300 schools — one in every three elementary schools — have smaller JK to Grade 3 classes; and
- ▶ Better student test results, training for 8,000 lead teachers to help students meet provincial standards in reading and math — and training for another 8,000 underway.

STRONG ECONOMY

We are strengthening our economy through critical investments in infrastructure and innovation.

- ▶ Five-year, \$30 billion infrastructure plan for roads, transit, hospitals, schools, colleges and universities;
- ▶ 146,000 new jobs created since the government took office;
- ▶ 15,000 units of affordable housing;

- ▶ Auto strategy is leveraging \$3.5 billion worth of new investment;
- ▶ Proposed Research Council of Ontario to make this province a North American and global leader in innovation; and
- ▶ New support for cultural industries, new media and cultural tourism.

RESPONSIBLE FISCAL MANAGEMENT

We are taking a balanced, responsible approach to eliminate the deficit the government inherited — and it's working. It's an approach that allows us to make essential investments in education, health and a strong economy, while eliminating the deficit.

- ▶ Reduced 2004-05 deficit to \$3 billion — almost half of what the government inherited;
- ▶ Eliminating the deficit in 2008-09 at the latest;
- ▶ No new taxes;
- ▶ Identified more than \$400 million in government efficiencies; and
- ▶ Holding the line on spending in 15 ministries.

MORE 2005 ONTARIO BUDGET INFORMATION

General inquiries regarding the 2005 Ontario Budget should be directed to:

Ministry of Finance Information Centre

Toll-free English and French
inquiries: 1-800-337-7222
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2005 ONTARIO BUDGET: Backgrounders



May 11, 2005

A RESPONSIBLE AND DISCIPLINED FISCAL PLAN

2004-05 Deficit Cut By Almost Half – Budget To Be Balanced By 2008-09 At Latest

The McGuinty government's plan, which includes historic and long-term investments in postsecondary education, is to eliminate the deficit no later than 2008-09. A balanced budget will be achieved one year earlier, if the reserve is not required in 2007-08.

Prior to the government assuming office, there were several years during which Provincial program spending grew much faster than the rate of growth in taxation revenue. Between 2000-01 and 2003-04, Provincial program spending increased by 21 per cent, while taxation revenue actually declined by 0.7 per cent. This imbalance between the growth in Provincial program spending and taxation revenue created the conditions for a structural deficit that resulted in a deterioration of the Province's finances, culminating in a deficit of \$5.5 billion in 2003-04.

Eliminating the structural deficit is a key component of restoring responsible management to Ontario's finances. However, the government will not balance the budget at the expense of the need to revitalize the Province's publicly funded school, postsecondary education, training and health care systems. Fiscally sustainable social programs that people value and that promote economic growth are the hallmarks of good governments.

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

	Interim	Plan	Outlook		
	2004-05	2005-06	2006-07	2007-08	2008-09
Revenue	77.1	81.7	84.8	88.5	92.2
Expense					

- ▶ Budget 2005 Home
- ▶ Budget Speech 2005
- ▶ Budget Papers
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Programs	67.6	71.0	73.3	75.9	77.9
Capital	2.9	2.7	2.5	2.1	2.1
Interest on Debt	9.6	9.8	10.0	10.4	10.7
Total Expense	80.1	83.5	85.7	88.5	90.7
Surplus/(Deficit) Before Reserve	(3.0)	(1.8)	(0.9)	0.0	1.5
Reserve	-	1.0	1.5	1.5	1.5
Surplus/(Deficit)	(3.0)	(2.8)	(2.4)	(1.5)	0.0

Note: Numbers may not add due to rounding.

Key Elements of the Fiscal Plan

- ▶ A sustainable health care system that delivers high-quality, results-focused and patient-centred health care;
- ▶ \$407 million in program review savings have been identified of the \$750 million target for 2007-08;
- ▶ Maintaining cautious and prudent fiscal planning, including an annual reserve;
- ▶ Making disciplined decisions that hold the line on spending in most areas — 15 ministries' operating budgets flatlined, declining or increasing at a rate less than inflation; and
- ▶ No new taxes or tax increases.

Medium-Term Fiscal Outlook

In 2005-06, total revenues are forecast to increase \$4.6 billion or 5.9 per cent, while total expense will rise \$3.4 billion or 4.2 per cent. Between 2005-06 and 2008-09, total revenue is projected to grow at an average annual rate of 4.1 per cent, from \$81.7 billion in 2005-06 to \$92.2 billion in 2008-09, while annual growth in total expense will average 2.8 per cent over this period, from \$83.5 billion in 2005-06 to \$90.7 billion in 2008-09.

A key part of the strategy to eliminate the structural deficit will be a disciplined approach to containing the growth in program spending to rates below that of taxation revenue. This Budget projects that between 2005-06 and 2008-09, program spending will grow by 3.1 per cent on average each year, much lower than the 4.9 per cent average annual growth in taxation revenue.

-30-

Contact:

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MUNICIPAL FINANCE
OFFICERS' ASSOCIATION
OF ONTARIO

2005 PROVINCIAL BUDGET May 11, 2005

TO THE MUNICIPAL TREASURER

On Wednesday, May 11, 2005, the Honourable Greg Sorbara, Minister of Finance, presented the McGuinty government's second budget. This summary of the budget has been prepared by MFOA staff for your information. While much of the budget deals with education and health issues, there were several elements that affect municipalities in this budget. The most important of these are summarized below.

The full budget and supporting documents, can be found at the website of the Ministry of Finance at: <http://www.gov.on.ca/FIN/english/enghome.htm>.

This summary deals with a number of issues in the budget, including:

- Municipal Highlights
- Provincial Financial Position
- Economic Outlook
- Other Initiatives

MUNICIPAL HIGHLIGHTS

The budget does not contain many significant municipal initiatives. This budget's primary focus is postsecondary education and health care. The following are brief summaries of initiatives dealt with in the budget. In many cases, the information in the budget is a summary of announcements already made (e.g. discussion of Ontario Municipal Partnership Fund, COMRIF).

1. ***Border Improvements (2005 Ontario Budget, Budget Papers, p. 116)***
 - improve trade movement.
 - value of trade between United States and Ontario is greater than total trade with Mexico.
 - \$129 million in improvements previously announced are cited in the budgets.
2. ***Continued Transit Investment (2005 Ontario Budget, Budget Papers, p.113)***
 - \$1 billion over ten years for Toronto Transit Commission.
 - \$600 million for Ottawa O-train over same time frame.

3. ***First Round of COMRIF projects (2005 Ontario Budget, Budget Papers, p. 116)***
 - local water, watershed, bridge and road projects to be funded for rural and small urban communities.
 - expected to invest a total of \$900 million with the federal government over next five years.
 - first round COMRIF projects were recently announced.

4. ***OSIFA (2005 Ontario Budget, Budget Papers, p. 114)***
 - additional OSIFA financing planned to help communities renew infrastructure projects to include water, public transit, roads and bridges.
 - of 166 committed loans, 146 are going to municipalities with populations under 100,000.
 - for 2005-06 program being broadened to include projects supporting local culture, tourism and recreation.
 - later in 2005 universities will be eligible to apply for OSIFA loans.

5. ***Improving Southern Ontario's Highway System (2005 Ontario Budget, Budget Papers, p. 115)***
 - will focus improvements on Highway 401 and the QEW.
 - planning future for Niagara-GTA corridor, Highway 407 East completion and extensions to Highways 404 and 427.

6. ***Golden Horseshoe Growth (2005 Ontario Budget, Budget Papers, p. 118)***
 - 2004 population of 8.2 million expected to grow to 11.5 million in 2031.
 - area contributed 70% of Ontario's GDP in 2004 and 29% of Canadian GDP.
 - to develop comprehensive plan to shape future growth.
 - in addition to highway and transit investments noted above
 - through sharing of gas tax \$514 to Golden Horseshoe transit
 - establish Greater Toronto Transit Authority
 - additional brownfield tools designed to discourage sprawl
 - examine options to utilize Tax Increment Financing. The Province has announced a consultation process with regard to TIFs. We will keep the membership informed on progress on this front
 - working with Toronto to complete City of Toronto Act review

7. ***Municipal Funding Initiatives (2005 Ontario Budget, Budget Papers, p. 114)***
 - Ontario Municipal Partnership Fund (p. 121)
 - as previously introduced replaces CRF grant, to distribute \$656 million in 2005
 - Provincial gas tax revenue share to municipalities to increase to 1.5 cents per litre in October, 2005 and to 2 cents per litre in October, 2006.
 - In partnership with the Federal government, to create 15,000 new affordable housing units.
 - In addition to COMRIF allocations to invest an additional \$209 million in water and sewer infrastructure.

8. ***15,000 New Affordable Housing Units***
 - To include units for people with mental health illness and victims of domestic violence and people in remote communities.

PROVINCIAL FINANCIAL POSITION

- In 2005-06, the government estimates revenues of \$81.7 billion. Direct program expenses are budgeted to be \$71.0 billion, with an additional \$2.7 billion for capital works. Interest on the public

debt is estimated at \$9.8 billion. The deficit for 2005-06 will be \$2.8 billion after provision of \$1.0 billion to reserves. This compares with a deficit in the fiscal year just ended (2004-05) of \$3.0 billion. The deficit is project to be eliminated in 2008-09.

- Revenues are forecast to grow by 12.9% between 2005-06 (\$81.7 billion) and 2008-09 (\$92.2 billion).
- Direct program costs are forecast to grow more slowly by approximately 9.7% between 2005-06 (\$71.0 billion) and 2008-09 (\$77.9 billion).
- Total net debt in 2005-06 will be approximately \$146 billion. This will grow to \$153.8 billion by 2008-09. However, net debt as a percentage of GDP will fall during the forecast period from 27.1% in 2005-06 to 24.7% in 2008-09.

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

Table A1

	Interim	Plan	Outlook		
	2004-05	2005-06	2006-07	2007-08	2008-09
Revenue	77.1	81.7	84.8	88.5	92.2
Expense					
Programs	67.6	71.0	73.3	75.9	77.9
Capital	2.9	2.7	2.5	2.1	2.1
Interest on Debt	9.6	9.8	10.0	10.4	10.7
Total Expense	80.1	83.5	85.7	88.5	90.7
Surplus/(Deficit) Before Reserve	(3.0)	(1.8)	(0.9)	0.0	1.5
Reserve	-	1.0	1.5	1.5	1.5
Surplus/(Deficit)	(3.0)	(2.8)	(2.4)	(1.5)	0.0
Net Debt †	142.2	146.0	149.7	152.6	153.8
Accumulated Deficit †	127.2	130.0	132.4	133.9	133.9
Gross Domestic Product (GDP) at Market Prices	517.6	538.0	562.6	592.2	623.6
Net Debt as a per cent of GDP	27.5	27.1	26.6	25.8	24.7
Accumulated Deficit as a per cent of GDP	24.6	24.2	23.5	22.6	21.5

† Net Debt is calculated as the difference between liabilities and financial assets. The annual change in Net Debt is equal to the Surplus/Deficit plus the change in tangible capital assets. Accumulated Deficit is calculated as the difference between liabilities and financial and tangible capital assets. The annual change in the Accumulated Deficit is equal to the Surplus/Deficit.

Note: Numbers may not add due to rounding.

- See Appendices A, B, and C below for tables from the budget detailing provincial revenues, operating expenses and capital spending respectively.

ECONOMIC OUTLOOK

- This section was prepared by AMCTO staff. MFOA is grateful for the assistance.

Economic Growth

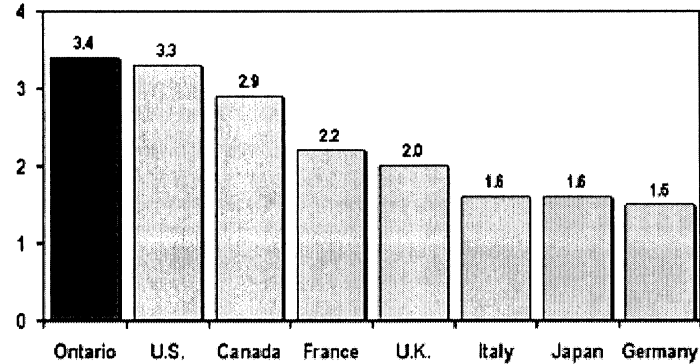
Ontario Economic Highlights (Annual Average, Per Cent)						
	2003	2004	2005p	2006p	2007p	2008p
Real GDP Growth	1.6	2.6	2.0	2.8	3.4	3.3
Nominal GDP Growth	3.1	4.7	3.9	4.6	5.3	5.3
Unemployment Rate	7.0	6.8	6.7	6.5	6.3	6.1
CPI Inflation	2.7	1.9	2.1	1.9	1.8	1.8

(2005 Provincial Budget, Budget Papers, Table A5, p. 129)

- Real GDP is expected to increase by 2.0% in 2005, down from the 2.4% recorded in 2004. Real economic growth is projected to pick up over the long term, rising to 2.8% in 2006, 3.4% in 2007 and 3.3% in 2008.
- These figures are conservative as they are below the average forecasts offered by various private sector organizations such as the Conference Board and Canada's banks. The consensus is that real GDP growth will average 3.4% annually during 2006-2008, placing Ontario ahead of the US and all other G-7 countries.

Ontario and G-7 Economic Growth

2006 to 2008 Average Real GDP Growth, Per Cent



Sources: Consensus Forecasts (April 2005) and Ontario Ministry of Finance Survey of Forecasts (May 2005)

- The Minister of Finance has recently established an Economic Forecast Council to provide a forum for professional advice on economic challenges and policy priorities.

Interest Rates & Inflation

- Canadian short-term interest rates are below comparable US rates for the first time in four years. The Budget assumes a widening negative Canada-US rate gap for the rest of 2005. Canadian 3-month Treasury bill rates are expected to average 2.6% in 2005, rising to 3.3% in 2006. 10-year Government of Canada Bond yields are projected to rise by a smaller amount, from an average of 4.5% in 2005 to 5.0% in 2006.
- Ontario's CPI inflation rate is expected to average 2.1% in 2005, compared to 1.9% in 2004. Inflation is projected to average slightly less than 2.0% a year over the period 2006 to 2008.

Interest Rate and Inflation Outlook (Annual Per Cent)

	2003	2004	2005p	2006p	2007p	2008p
3-Month Canadian Treasury Bill Rate	2.9	2.2	2.6	3.4	4.3	4.7
10-Year Government of Canada Bond Rate	4.8	4.6	4.6	5.2	5.7	6.0
Ontario CPI Inflation Rate	2.7	1.9	2.1	1.9	1.8	1.8

p = projection. Sources: Bank of Canada, Statistics Canada and Ontario Ministry of Finance.

Canadian Dollar

- The Canadian dollar rose from 64.9 cents US in January 2003 to close to 80 cents US at the end of April 2005. This has put significant pressure on Ontario exporters.

- There is currently a wide divergence among projections of the exchange rate. The Budget assumes that real exchange rate will remain fairly stable through 2008.

Job Creation

- There was a 1.7% increase in total employment in 2004. Growth is projected to slow to 1.0% in 2005, but to firm up during 2006-2008, averaging close to 2.0% a year. The unemployment rate is projected to fall from 6.8% in 2004 to 6.1% in 2008.

OTHER INITIATIVES

Tax Changes

- No changes mentioned for 2005 personal income taxes.
- Commencing with the 2004 income tax return, low income seniors who own or rent their homes, became eligible for an additional \$125 in their basic Ontario property tax credit and the associated benefit.

Health Care

- There were significant in year increases in health spending (see p. 55)
- The government intends to improve access to health care workers, shortening wait times and health promotion programs (see 2005 Ontario Budget, Background, Investing in People: Strengthening our Economy).

Post Secondary Education

- As expected, the Budget has built upon the recommendations of former Premier Bob Rae's review of post secondary education in Ontario. Collectively, the government's initiatives, known as "Reaching Higher," will increase spending on post secondary education by \$6.2 billion in total by 2009-10, as shown in the table below.

Reaching Higher: New Ongoing Operating Investments *							
(\$ Millions)	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	Cumulative Total
Student Financial Assistance	150	192	241	282	314	358	1,537
Operating Grants to Colleges and Universities	50	447	732	932	958	1,156	4,275
Training and Apprenticeship and Other Initiatives	-	44	62	86	87	87	366
Total New Investment	200	683	1,035	1,300	1,359	1,601	6,178

* Increase over 2004-05 base funding, which is the 2004-05 Interim excluding \$200 million in expenditures provided for the Ontario Student Opportunities Trust Fund, endowments for graduate fellowships and faculty research chairs, and college stabilization.

Source: Ontario Ministry of Finance.

The government will increase student financial assistance, (2005 Provincial Budget, Budget Papers, Table A5, pp. 10-18) and higher grants to colleges and universities.

Appendices

The following tables from the budget or from press releases have been attached for your information:

- Appendix A: Provincial Revenue (2005 Provincial Budget, Budget Papers, Table A3, p. 73)

- Appendix B: Provincial Operating Expense (2005 Provincial Budget, Budget Papers, Table A4, p. 74)
- Appendix C: Provincial Capital Expenditures (2005 Provincial Budget, Budget Papers, Table A5, p. 75)

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APPENDIX A

Revenue (\$ Millions)	Table A3				
	2001- 02	2002- 03	Actual 2003- 04	Interim 2004- 05	Plan 2005- 06
Taxation Revenue					
Personal Income Tax	19,097	18,195	18,301	19,095	20,026
Retail Sales Tax	13,803	14,183	14,258	14,903	15,475
Corporations Tax	6,646	7,459	6,658	9,513	9,248
Employer Health Tax	3,502	3,589	3,753	3,886	4,033
Ontario Health Premium	-	-	-	1,749	2,422
Gasoline Tax	2,192	2,306	2,264	2,283	2,308
Fuel Tax	659	682	681	719	733
Tobacco Tax	703	1,183	1,350	1,466	1,511
Land Transfer Tax	665	814	909	1,056	1,056
Electricity Payments-In-Lieu of Taxes	387	711	627	509	656
Other Taxes	371	429	347	284	258
	48,025	49,551	49,148	55,463	57,726
Government of Canada *					
Canada Health and Social Transfer (CHST)	5,831	7,346	7,345	-	-
Canada Health Transfer (CHT)	-	-	-	5,636	7,127
Canada Social Transfer (CST) **	-	-	-	2,917	3,311
CHST Supplements	380	191	577	775	584
Social Housing	524	525	528	521	520
Infrastructure Programs	-	97	150	222	293
Wait Times Reduction Fund	-	-	-	242	243
Medical Equipment Funds	190	-	192	387	194
Other Government of Canada	829	735	1,101	1,324	901
	7,754	8,894	9,893	12,024	13,173
Income from Investment in Government Business Enterprises					
Ontario Lottery and Gaming Corporation	2,255	2,288	2,106	1,970	1,941
Liquor Control Board of Ontario	904	939	1,045	1,140	1,186
Ontario Power Generation Inc. and Hydro One Inc.	179	717	(17)	402	887
Other Government Enterprises	7	(2)	(64)	2	5
	3,345	3,942	3,070	3,514	4,019
Other Non-Tax Revenue					
Reimbursements	1,592	1,111	1,206	1,258	1,319
Electricity Debt Retirement Charge	-	889	1,000	1,009	1,018
Vehicle and Driver Registration Fees	941	982	985	991	1,017
Power Sales	815	635	510	610	961
Other Fees and Licences	474	606	594	494	510
Liquor Licence Revenue	530	530	488	493	502
Net Reduction of Power Purchase Contract Liability	-	161	104	236	396
Sales and Rentals	344	560	532	355	369
Royalties	224	304	248	268	236
Miscellaneous Other Non-Tax Revenue	2,490	726	622	422	441
	7,410	6,504	6,289	6,136	6,769
Total Revenue	66,534	68,891	68,400	77,137	81,687

* Health Reform Fund included in CHST in 2003-04 and CHT in 2004-05.

Includes 2005 Federal Budget additional Early Learning and Child Care revenues of \$272 million in 2005-06.

APPENDIX B
**Operating
Expense
(\$
Millions)**
Table A4

Ministry	2001-02	2002-03	Actual 2003-04	Interim 2004-05	Plan 2005-06
Agriculture and Food	456	598	673	733	564
One-Time and Extraordinary Costs	319	18	-	444	-
Attorney General	995	1,052	1,199	1,183	1,199
Board of Internal Economy	124	146	196	149	167
Children and Youth Services	2,244	2,431	2,640	2,856	3,196
Citizenship and Immigration	59	53	52	56	63
Community and Social Services	5,807	5,842	5,995	6,393	6,595
Community Safety and Correctional Services	1,513	1,656	1,666	1,741	1,753
Consumer and Business Services	172	178	182	201	178
Culture	279	331	303	295	275
Democratic Renewal Secretariat	-	-	-	2	4
Economic Development and Trade	221	242	253	279	688
Education	8,354	8,998	9,665	10,526	11,267
Teachers Pension Plan (TPP)	42	238	235	240	290
Energy	367	144	116	138	148
Environment	265	237	261	310	314
Executive Offices	19	20	24	19	19
Finance - Own Account	1,197	1,092	1,255	1,141	1,126
Interest on Debt	10,337	9,694	9,604	9,609	9,796
Community Reinvestment Fund/Ontario Municipal Partnership Fund	557	622	651	626	662
Community Reinvestment Fund One-Time Transition Funding	-	-	-	233	-
Electricity Consumer Price Protection Fund	-	665	253	-	-
Power Purchases	815	786	797	850	961
Health and Long-Term Care	23,923	25,800	28,036	31,112	32,948
SARS-related and Major One-Time Health Costs	-	-	824	-	-
Intergovernmental Affairs	6	9	6	13	8
Labour	110	123	117	132	146
Management Board Secretariat	246	186	214	687	469
Retirement Benefits	63	102	309	493	514
Contingency Fund	-	-	-	-	557
Municipal Affairs and Housing	1,136	636	662	771	683
Native Affairs Secretariat	13	16	15	18	14
Natural Resources	438	454	516	485	492
Northern Development and Mines	75	73	76	79	111
Office of Francophone Affairs	5	3	3	4	4
Public Infrastructure Renewal	15	33	18	20	30
Tourism and Recreation	143	135	209	184	163
Training, Colleges and Universities	3,290	3,471	3,883	4,298	4,781
Transportation	664	814	800	911	975
Year-End Savings	-	-	-	-	(350)
Total Operating Expense	64,269	66,898	71,708	77,231	80,810

APPENDIX C

Capital Expense † (\$ Millions)	Table A5				
Ministry	2001-02	2002-03	Actual 2003-04	Interim 2004-05	Plan 2005-06
Agriculture and Food	29	68	1	4	11
Attorney General	46	43	24	37	75
Children and Youth Services	6	7	-	5	109
Community and Social Services	25	16	10	20	33
Community Safety and Correctional Services	88	66	47	32	48
Consumer and Business Services	-	1	1	4	5
Culture	14	42	24	67	115
Economic Development and Trade	19	21	31	77	82
Education	17	10	15	50	6
Energy	50	46	53	53	49
Environment	20	13	4	7	13
Finance	11	8	5	5	5
Health and Long-Term Care	205	339	358	531	339
Management Board Secretariat *	28	3	(33)	(5)	(18)
Municipal Affairs and Housing	12	20	206	273	392
Native Affairs Secretariat	3	2	-	2	3
Natural Resources	70	72	111	74	53
Northern Development and Mines	371	391	332	357	421
Public Infrastructure Renewal	-	4	18	46	57
Capital Contingency Fund	-	-	-	-	175
Tourism and Recreation	9	55	51	65	93
Training, Colleges and Universities	49	71	120	421	135
Transportation	818	578	797	774	622
Year-End Savings	-	-	-	-	(150)
Total Capital Expense	1,890	1,876	2,175	2,899	2,673

† 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 government organizations are accounted for on a full accrual basis.

** Ministries' contributions for investments in Provincially owned land and buildings are recorded as an expense by the contributing ministries. Starting in 2002-03, any resulting adjustment to expense from the capitalization and amortization of most of these Provincially owned land and buildings is recorded in Management Board Secretariat.

Sources: Ontario Ministry of Finance and Ontario Ministry of Public Infrastructure Renewal.