2004/2005 Ontario Pre-Budget Submission

A Twelve-Step Program For Ontario's Fiscal Recovery

Submission to the Minister of Finance
& the Standing Committee on Finance and Economic Affairs

April 8, 2004 – Toronto, Ontario

About the Canadian Taxpayers Federation

The Canadian Taxpayers Federation (CTF) is a federally incorporated, non-profit and non-partisan, advocacy organization dedicated to lower taxes, less waste and accountable government. The CTF was founded in Saskatchewan in 1990 when the Association of Saskatchewan Taxpayers and the Resolution One Association of Alberta joined forces to create a national taxpayers organization. Today, the CTF has over 61,000 supporters nation-wide.

The CTF maintains a federal office in Ottawa and offices in the five provincial capitals of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. In addition, the CTF has a Centre for Aboriginal Policy Change in Calgary dedicated to monitor, research and provide alternatives to current aboriginal policy and court decisions. Provincial offices and the Centre conduct research and advocacy activities specific to their provinces or issues in addition to acting as regional organizers of Canada-wide initiatives.

CTF offices field hundreds of media interviews each month, hold press conferences and issue regular news releases, commentaries and publications to advocate the common interest of taxpayers. The CTF's flagship publication, *The Taxpayer* magazine, is published six times a year. An issues and action update called *TaxAction* is produced each month. CTF offices also send out weekly *Let's Talk Taxes* commentaries to more than 800 media outlets and personalities nationally.

CTF representatives speak at functions, make presentations to government, meet with politicians, and organize petition drives, events and campaigns to mobilize citizens to effect public policy change.

All CTF staff and board directors are prohibited from holding a membership in any political party. The CTF is independent of any institutional affiliations. Contributions to the CTF are not tax deductible.

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Fiscal Responsibility & Tax Fairness

1. *Premier Dalton McGuinty must abide by his September 11 2003 election pledge to uphold the Taxpayer Protection and Balanced Budget Act (TPA) and:*

   - *not raise or implement new taxes without voter consent, and*
   - *not run deficits.*

   The government must uphold this commitment not only for the sake of voter confidence but for the sake of Ontarians' financial well-being. Under no circumstances should the government increase taxes or run a deficit in the 2004/2005 fiscal year.

2. *The government should avoid hidden tax increases in the form of user fees, elimination of tax credits, and road tolls. These hidden increases violate the spirit of the TPA and do nothing to wean the government off a destructive higher tax-and-spend mentality.*

3. *The government must give all Ontarians a better picture of their personal income tax burden. Two new high tax thresholds should replace the current surtaxes of 20 per cent and 56 per cent on provincial income tax payable. The government should create a new third rate of 13.40 per cent on incomes between $65,000 and $73,000, and start the true top rate of 17.42 per cent on incomes above $73,000. These changes are meant to reflect the real rates taxpayers already pay and provide greater transparency to Ontario's income tax system.*

Streamlining Government

4. *The Ontario government's current structural deficit is due to a spending problem, not a revenue problem. This is evidenced by a return to spending levels not seen since the New Democratic government of the early 1990s. The Ontario government must not increase spending. It should balance the budget with modest expenditure cuts and re-allocation within existing budget envelopes.*

5. *The government should focus on the provision of core services. It should review departmental spending with the mandate of rooting out waste, ending duplication with federal programs, and eliminating programs that no longer serve the public interest.*

6. *The government should set a target of reduction for the public service, including the elimination of school boards and the reduction of other public sector workers directly and indirectly employed by the government.*

7. *The CTF recommends widespread privatization and public-private partnerships to promote competition, entrepreneurship, and efficient and cost-effective services. TV Ontario (TVO) and the Liquor Control Board of Ontario should be sold, and other candidates for privatization identified. All proceeds from sales of Crown assets should be used to reduce government debt.*

8. *The government should legislate an end to corporate welfare as other provinces, such as Alberta and British Columbia, have done. The government should attempt to 'steer' the economy not 'row' it via direct involvement.*

Health Care

9. *Healthcare currently consumes 40 per cent of the provincial budget and threatens to consume more each year as the population ages. This situation has led to an increased tax burden and a diversion of resources from other areas of public spending. To relieve the burden on the healthcare system, and ensure quality care for future generations of Ontarians, the government should control health spending, open up health care to innovation and private service providers, and urge the federal government to amend the Canada Health Act to permit full private choice in healthcare.*

Energy Sector

10. *The Ontario electricity industry is in crisis. The government needs to go back to the drawing board and develop a plan to meet the needs of Ontario electricity consumers and ensure there is long-term investment by the private sector to meet the province's growing power demand.*

Municipal Issues

11. *Property tax reform must be a priority for the government. The government should scrap the Current Value Assessment system and implement a simpler, fairer usage-based assessment system which includes a tax cap provision to stop assessment creep.*

12. *More funds should be given to municipalities to help maintain their roads. The government should adopt the CTF Municipal Roadway Trust Model for Ontario as a way to ensure gasoline taxes are spent on roads and transit infrastructure, while also reducing financial pressures currently faced by municipal governments. Such a policy would return $320 million in Ontario gasoline taxes collected to all of the province's municipalities. When conjoined with a federal MRT, Ontario's municipalities would have over $1 billion in additional gasoline tax funds to help pay for roadway maintenance.*

<u>Backgrounder</u>

"My name is Ontario, and I have a spending problem."

The current Ontario government is suffering from an acute spending dependency. After several years of fiscal reform, the previous administration fell off the tax relief wagon and embarked on a spending binge, which threatens to continue under the present government. This cannot be allowed to happen. Taxpayers' fiscal health is at stake, and a quick cash fix is not the answer.

The government must stand up and admit that it has a spending problem – not a revenue problem – and embark on the long hard road to recovery. This starts by taking stock of the current economic climate.

The Current Situation: Structural Economic Challenges

Ontario's economy sputtered last year and performed far worse than was predicted. SARS, the massive summer power failure, weak U.S. demand and a sharply rising Canadian dollar combined to dampen economic growth. When the 2003 Budget was delivered last spring, real growth was expected to be 3.0 per cent in 2003 and 3.6 per cent in 2004. Since then forecasts have been downgraded to between 1.5 per cent and 1.8 per cent for 2003, and between 2.9 per cent and 3.0 per cent for 2004. But, as the table below shows, the outlook for the following two years is much brighter and all indicators show that Ontario will soon cast off the malaise of 2003.

Select Ontario Economic Indicators 2001 – 2005
(Per cent growth)

Year	Real GDP	Nominal GDP	Employment	CPI	Retail Sales	GDP ($ millions)
2001	1.80%	2.80%	1.50%	3.10%	n/a	443,852
2002	3.60%	5.60%	1.80%	2.00%	5.60%	470,567
2003	1.35%	5.00%	2.65%	2.65%	2.80%	494,095
2004	2.90%	5.70%	1.70%	1.50%	3.50%	522,259
2005	3.30%	6.10%	1.35%	1.60%	4.40%	554,117

Source: BMO Economics January 2004 Regional Outlook March 19, 2004, TD Economics Provincial Outlook, January 15, 2004 & RBC Economics Provincial Outlook, February 2004.

Despite these lower growth numbers, not all the economic news has been bad. Employment rebounded, with 94,000 new jobs added in 2003 – the second highest growth in employment in the country. And despite two rough quarters in 2003, Ontario registered strong growth in the final quarter. That good news should carry on into next year, resulting in higher tax revenues, particularly personal income tax and sales tax revenues.

Ontario Employment January 2002 to December 2003
(Thousands)

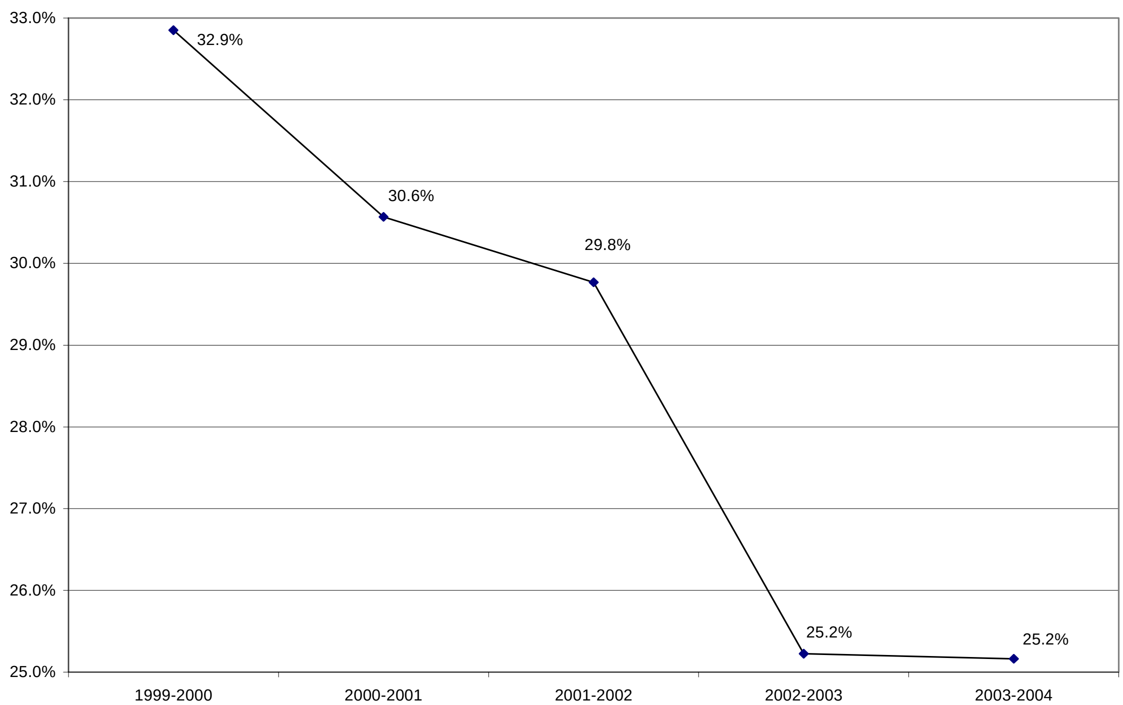
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
5,977.0	5,996.8	6,014.2	6,012.6	6,024.7	6,036.7	6,043.2	6,086.9	6,119.2	6,139.5	6,152.3	6,166.0
6,191.5	6,219.9	6,237.0	6,210.5	6,209.6	6,226.8	6,219.1	6,213.2	6,251.7	6,257.0	6,250.4	6,285.8

Source: Statistics Canada, Canadian Labour Force Survey 2002 and 2003

Ontario's Government Debt

There is no question that Ontario's debt situation has improved over the last few years thanks to modest debt repayment and strong economic growth. The outlook for this year is a debt-to-GDP ratio of 25 per cent, which will be the same as last year.

Ontario's Debt-to-GDP Ratio



Since balancing the books in 1999, the provincial government has not added to the province's debt, and has made modest reductions in the principle. **This trend will only continue if the province's books are balanced.** Running deficits and keeping debt on the books has two pernicious effects on Ontario's budget. First, it increases the cost of servicing the debt – not unlike paying the minimum balance on the government's credit card – which at present is the government's third largest spending envelope eating up 13 per cent of total spending. Second, it saddles future generations of Ontario taxpayers with obligations that can only be paid with hard-earned tax dollars.

During the provincial election, Liberal Leader McGuinty proudly declared that, if elected, his government would not increase the province's debt – unlike the previous two governments, which increased the debt by more than $85 billion. **However, if his government fails to balance the books this coming year – as has been implied in the government's Fiscal and Economic Update 2003 – his government will be adding to the province's debt and compromising its ability to provide services in future budgets.**

The Specter of Deficits

The dominant fiscal concern in the province over the past six months has been a projected Ontario deficit pegged as high as $5.6 billion. This is a substantial fiscal challenge for the government, but is it is not insurmountable. **During the recent election, Liberal Leader McGuinty was unequivocal in his resolve not to run a deficit this fiscal year and every year thereafter.** He campaigned on his pledge to the Canadian Taxpayers Federation –and to the voters of Ontario – to uphold the *Taxpayer Protection and Balanced Budget Act.* He must uphold this promise.

There is no question that runaway spending by the previous government has imperiled Ontario's finances. During the election campaign, however, Mr. McGuinty told Ontario taxpayers his Liberals had a plan to deal with a $2 billion budget deficit. To date, the McGuinty government has increased taxes by $800 million in 2003-2004 alone, yet done little to reduce $1.2 billion in what the Liberals dubbed "Tory waste". If the deficit is to be tackled, spending must be brought down.

Putting Provincial Government Spending in Context

Ontario Per Capita in 2002 Dollars Government Spending – Select Years
Amounts adjusted for inflation and population change

Year	Description	Per Capita Spending
1989-1990	Last year of David Peterson Government -- Lib	5,789
1991-1995	**Bob Rae Government (4 Year Average) -- NDP**	**6,097**
1995-1996	First year of Harris Government -- PC	6,135
1996-1997	Harris Reforms begin -- PC	5,755
1997-1998	Year 3 – PC	5,607
1998-1999	Year 4 – PC	5,610
1999-2000	Election year budget -- PC	5,807
2000-2001	Year 2 -- PC	5,574
2001-2002	Year 3 -- PC	5,724
2002-2003	Year 4 -- PC	5,675
2003-2004 [P]	**Last Budget Ernie Eves Government -- PC**	**6,032**
	Ontario PC Government Average	5,723

The chart on the previous page demonstrates that despite the oft-cited charge that the Harris/Eves government slashed spending, very little cutting actually occurred. At current levels of spending, adjusted for inflation and population growth, this year the provincial government will spend only slightly less than the average spent in the runaway deficit years of Bob Rae's NDP government. Certainly when compared with this average, Progressive Conservative spending levels in 2000-2001 were 8.6 per cent lower than those of the NDP. However, average annual spending in seven years of PC budgets was almost identical to that of David Peterson's last year in office – and rose back up to Rae levels under Ernie Eves.

If budget slashing was not the true record of the previous government, increasing government revenues must have been the formula to balance the province's books between 1999 and 2002. It is important to bear in mind that the successful formula of tax reductions and fairness between 1996 and 2002 produced the highest economic growth amongst Canada's non-resource economies. **Indeed an average 36 per cent cut in personal income taxes produced a 15 per cent increase in personal income tax revenues and an impressive 37 per cent increase in the province's own source revenues.** At the tail end of the period of robust tax reductions, in the 2001-2002 year, Ontario recorded its lowest economic growth in a decade yet still posted better than 1.3 per cent increase in own source revenues. Ontario's fiscal capacity remains strong – but that fact alone will not prevent deficits without leadership to control spending.

Ontario Per Capita in 2002 Dollars Government Own Source Revenues
Select Years

Year	Description	Own Source Revenue ($ Million)	Per Capita Own Source $ 2002
1989-1990	Last year of David Peterson Government – L	36,328	5,090
1991-1995	Bob Rae Government (4 Year Average) – NDP	n/a	4,111
1995-1996	First Year of Harris Government – PC	41,593	4,301
1996-1997	Harris Cuts Begin – PC	43,672	4,397
1997-1998	Year 3 – PC	47,420	4,620
1998-1999	Year 4 – PC	51,271	4,889
1999-2000	Election year – PC	57,046	5,321
2000-2001	Year 2 – PC	57,695	5,152
2001-2002	Year 3 – PC	56,132	4,813
2002-2003	Year 4 – PC	56,697	4,698
2003-2004 P	Last Budget Ernie Eves Government – PC	57,296	4,477
	Ontario PC Government Average		4,774

The chart above demonstrates that despite a modest decline in own source revenues in 2001 and 2002, revenues are up from the NDP deficit years. **A close look at per capita revenues show that growth was greatest during the years of substantial tax cuts.** Slower economic growth in 2001 impacted on provincial revenues in the following two years, while projections for own source revenues this year are mixed. Though there may be debates about the extent to which tax cuts stimulate government revenues, there is little argument about the impact of economic growth on government coffers. Outstanding revenue growth between 1995 and 2000 mirrored economic growth, but a government committed to growing the economy during these years by reducing Ontario's tax burden amplified the effects of a strong recovery.

Impact of Ontario's Personal Income Tax Cuts

Ontario has an enviable record on personal income tax rates, second only to Alberta and British Columbia. The chart below illustrates the competitive nature of Ontario's personal income tax regime. However, there are two areas where the province's tax burden leaves room for improvement: Ontario's high income surtaxes need attention and, as is illustrated in the following chart, Ontario's basic personal and spousal exemptions lag behind more generous provisions found elsewhere. In the latter case, despite substantial low and middle income tax cuts, the result is a lower threshold for earning income without paying taxes. By contrast, these taxes are 6 per cent lower in Alberta – substantial tax savings for those with the equivalent of a minimum wage job.

Personal Income Tax Paid

$15,000 of income – no dependants

Year	Federal	BC	AB	ON	NS	NB	SK	PEI	MB	NL	PQ
2003	2,047	2,388	2,472	2,422	2,703	2,646	2,701	2,687	2,735	2,738	3,121
2004	1,991	2,323	2,336	2,356	2,512	2,592	2,631	2,633	2,681	2,684	3,054
Rank:		1	2	3	4	5	6	7	8	9	10

$35,000 of income – no dependants

Year	Federal	ON	BC	AB	NS	NB	PEI	SK	MB	NL	PQ
2003	6,601	8,187	8,818	9,030	9,374	9,144	9,232	9,299	9,493	9,559	10,445
2004	6,356	7,914	8,546	8,707	8,784	8,903	8,991	9,043	9,212	9,318	10,198
Rank:		1	2	3	4	5	6	7	8	9	10

$45,000 of income – no dependants

Year	Federal	ON	BC	AB	NS	SK	PEI	NB	MB	NL	PQ
2003	8,930	11,422	12,053	12,343	13,183	12,911	12,926	12,940	13,295	13,487	14,390
2004	8,705	11,168	11,800	12,039	12,464	12,660	12,703	12,717	12,942	13,265	14,161
Rank:		1	2	3	4	5	6	7	8	9	10

Personal Income Tax Paid (cont'd)

$60,000 of income – no dependants

Year	Federal	ON	BC	AB	NS	SK	PEI	NB	MB	NL	PQ
2003	12,230	16,118	16,725	17,143	18,733	18,161	18,383	18,463	18,830	19,226	20,375
2004	12,005	15,842	16,472	16,839	17,789	17,910	18,160	18,240	18,342	19,004	20,103
Rank:		1	2	3	4	5	6	7	8	9	10

$80,000 of income – family of four (One income)

Year	Federal	AB	BC	ON	SK	NS	NB	MB	PEI	NL	PQ
2003	15,725	20,758	21,544	22,517	23,376	24,962	24,550	24,974	24,887	26,007	26,847
2004	14,656	19,528	20,377	21,532	22,265	22,901	23,468	23,597	23,820	24,940	25,748
Rank:		1	2	3	4	5	6	7	8	9	10

$80,000 of income – family of four (Two incomes)

Year	Federal	BC	ON	AB	NS	NB	PEI	SK	MB	NL	PQ
2003	15,054	18,622	18,656	19,364	21,604	21,131	21,206	21,258	21,835	22,093	23,882
2004	13,997	16,922	16,955	17,563	19,121	19,493	19,567	19,576	20,027	20,455	22,232
Rank:		1	2	3	4	5	6	7	8	9	10

Ensuring Tax Fairness

This year may not be seen as a time to talk about new tax cuts**. The reality is that personal income tax fairness must be improved in Ontario.** Indeed, the McGuinty government, as announced and promised during the election, reversed personal income tax cuts worth about $250 million in the 2003/04 fiscal year, and will add almost $1 billion to government coffers in the 2004/05 fiscal year. In rolling back legislated tax cuts to the two lowest income thresholds, Ontario remains tied with British Columbia for having the lowest tax rates for the first two thresholds. However, Ontario's two high-income surtaxes result in tax rates that are among the highest in the country.

Ontario's Tax System 2004

	Basic Personal Exemption	Spousal Exemption	1st Rate	2nd Rate	3rd Rate	4th Rate	5th Rate
Threshold	$7,927	$6,810	$0 -- $32,828	$32,828 -- $65,721	$65,721 plus	Ontario Tax Payable $3,844 to $4,500	Ontario Tax Payable $4,50 Plus
Rate			6.05%	9.15%	11.16%	20.00%	36.00%
Single Earner							
Threshold	$7,927	n/a	$0 -- $32,828	$32,828 -- $60,000	$60,000 -- $70,000	$70,000 plus	n/a
Rate			6.05%	9.15%	13.39%	17.41%	n/a
Married Earner							
Threshold	$7,927	$6,810	$0 -- $32,828	$32,828 -- $65,000	$65,000 -- $73,000	$73,000 plus	n/a
Rate			6.05%	9.15%	13.39%	17.41%	n/a

Without reducing Ontario's income taxes, the tax system could be reformed by creating:

- A new threshold for income between $60,000 and $73,000 with a tax rate of 13.40 per cent; and
- A new top threshold created for income greater than $73,000 with a tax rate of 17.42 per cent.

This would have no impact on Ontario's income tax revenues, but would make the tax system more transparent and more comparable. At 17.4 per cent Ontario has the fourth highest high marginal tax rate in the country.

No Tax Increases – Or Facsimiles

2003 CTF Supporter Survey Questionnaire	
Do you feel your provincial tax burden over the past two years has increased, decreased, or remained the same?	
Increased	40%
Decreased	32%
Same	28%

Despite the obvious benefits of tax cuts to the economy, the present government is examining ways to raise revenues by means of "hidden" taxes and tax-like measures.

While the current administration is bound by the *Taxpayer Protection and Balanced Budget Act* not to raise income and other named taxes unless approved by referendum, since January 2004 the government has been floating "trial balloons" in the media on the following:

- Increasing the fee for motor vehicle licences from the current $50.00
- Eliminating the provincial sales tax exemption for meals under $4.00
- Instituting road tolls
- Reinstituing photo radar
- Repealing various tax credits

While these proposals may not technically violate the language of the *TPA*, they certainly violate the spirit and intent of the legislation. Such measures would only increase the tax burden on Ontarians and do nothing to stimulate economic growth. The government must not circumvent the clear intent of the law to hold the line on taxation through these or other hidden "tax grabs".

CTF Recommended Recovery Steps 1 through 3:

1. *Premier Dalton McGuinty must abide by his September 11 2003 election pledge to uphold the Taxpayer Protection and Balanced Budget Act (TPA) and:*

   - *not raise or implement new taxes without voter consent, and*
   - *not run deficits.*

   The government must uphold this commitment not only for the sake of voter confidence but for the sake of Ontarians' financial well-being. Under no circumstances should the government increase taxes or run a deficit in the 2004/2005 fiscal year.

2. *The government should avoid hidden tax increases in the form of user fees, elimination of tax credits, and road tolls. These hidden increases violate the spirit of the TPA and do nothing to wean the government off a destructive higher tax-and-spend mentality.*

3. *The government must give all Ontarians a better picture of their personal income tax burden. Two new high tax thresholds should replace the current surtaxes of 20 per cent and 56 per cent on provincial income tax payable. The government should create a new third rate of 13.40 per cent on incomes between $65,000 and $73,000, and start the true top rate of 17.42 per cent on incomes above $73,000. These changes are meant to reflect the real rates taxpayers already pay and provide greater transparency to Ontario's income tax system.*

Streamlining Government: How to Balance the Books

There is no question the government has room for spending reductions on a projected $75 billion budget in 2004/05. As the table below illustrates, the two biggest spending envelopes are, of course, health and education.

Ontario Government Spending: Top Three Envelopes
($ million)

	Total Spending	Health Spending	Education Spending	Debt Servicing	Total Top Three	Remainder as a Percentage of Total
1989-1990	41,602	13,787	8,059	4,284	26,130	37.19%
1994-1995	56,168	17,848	9,421	7,832	35,101	37.51%
1995-1996	58,273	17,607	9,761	8,475	35,843	38.49%
1996-1997	56,355	17,760	8,957	8,607	35,324	37.32%
1997-1998	56,484	19,035	9,816	8,729	37,580	33.47%
1998-1999	57,788	19,743	11,367	9,016	40,126	30.56%
1999-2000	61,909	22,001	11,974	9,497	43,472	29.78%
2000-2001	61,940	22,993	10,982	9,416	43,391	29.95%
2001-2002	65,874	24,108	11,710	10,337	46,155	29.93%
2002-2003	68,492	26,097	12,788	9,694	48,579	29.07%
2003-2004 P	75,153	29,011	14,369	10,025	53,405	28.94%

Source: Provincial Budget Documents 1989 – 2003 & Fiscal and Economic Update December 2003

Ontarians have expressed a preference both for balanced budgets as well as quality healthcare and education. Quality services do not, however, necessarily entail more spending. In fact, the government has already indicated that in these areas it will be focusing on outcomes and results, rather than simply on dollars spent.

If the government does not cut any spending on health and education, it will have to find savings in the remaining 30 per cent of the province's budget. That would leave an envelope of $21 billion for reallocation – a target of between $16 and $17 billion in spending – which is $1 to 2 billion less than was spent in these areas in the 2001/02 fiscal year.

Three possible scenarios, which aim to find spending reductions in the province's 2004/05 budget, include:

Scenario 1:

This approach does not increase spending on health or education, holding these at projected spending levels for this year – up by almost 12 per cent over the previous year. All remaining ministries would be subject to a 22 per cent reduction in all spending. All ministries would be subject to the same pressure to reduce spending, but this solution is without any finesse or regard for priority spending.

Scenario 2:

This approach similarly keeps education and health spending at 2003/2004 levels, but calls for a more modest 15 per cent reduction in ministerial spending in other areas and consolidation of ministerial functions.

Scenario 3:

The CTF recommends the government of Ontario engage in a wide ranging program of **reinventing provincial government.** Not simply a trendy phrase, Ontario's government must identify areas which duplicate activities of other governments and agencies, find programs which are not meeting their objectives and identify areas where government should no longer be involved. This is not an exercise for high paid consultants, but rather one in which ministers and all government employees ought to be rewarded for finding substantial savings and innovative solutions.

In setting out benchmarks for reductions, these three approaches offer a menu of choice for a government looking for savings. The following chart shows what the bottom line might look like for each of these scenarios.

The Bottom Line: Three Reallocation Scenarios 2004-2005
($ Million)

				Reduce All Ministries 21.50% Scenario 1	Eliminate and Cut Remainder 15.13% Scenario 2	Streamline, Eliminate and Cut Remainder Scenario 3
	2001-2002	**2002-2003**	**2003-2004 P**	**2004-2005**	**2004-2005**	**2004-2005**
						RECOMMENDED
Revenue	66,249	68,609	69,532	70,790	70,790	**70,790**
Total Spending	65,874	68,492	75,153	70,913	71,038	**70,285**
Health Care	24,108	26,097	29,011	29,011	29,011	**28,141**
Education	11,710	12,788	14,369	14,369	14,369	**13,938**
Debt Servicing	10,337	9,694	10,025	10,025	10,025	**10,025**
Reallocated 2003-2004	18,594	19,811	20,931	16,691	16,816	**17,364**
Unaccounted Expenditures	1,125	102	817	817	817	**817**
Deficit / Surplus	375	117	- 5,621	- 623	- 748	**505**

Potential Areas of Spending Reduction

While ultimately it is up to the provincial government to decide where it can make spending reductions, the CTF suggests the following areas for consideration:

Health and Education

2003 CTF Supporter Survey Questionnaire	
Should the Ontario Government reduce taxes OR spend more on health care and education?	
Cut Taxes	61%
More on Health and Education	23%
Undecided	16%

Health and education spending should be reduced by 3 per cent. Both areas of spending would also be subjected to a thorough review to maximize taxpayers' return on their dollars and ensure the best outcomes possible. This approach would duplicate then-federal Finance Minister Paul Martin's successful war on the federal deficit, which was largely achieved by reducing health and social transfers to the provinces. Today, multi-year surpluses are the norm for Ottawa, which is able to spend taxpayers' dollars on programs without increasing the debt. (Please see additional suggestions for healthcare at page 18).

The Public Sector

Ontario Public Sector Employment at a glance 1989 to 2003

Year	Provincial Public Sector Employment	Total Cost ($ million)	Average Wage	Public Sector as Percentage of Total Employment	Public Sector Wages as Percentage Of Spending
1989	447,064	13,374	$ 29,914	8.6%	32.15%
1990	461,534	14,580	$ 31,591	8.9%	32.07%
1991	471,175	16,043	$ 34,050	9.4%	31.04%
1992	464,777	16,611	$ 35,740	9.4%	30.63%
1993	455,239	16,650	$ 36,574	9.2%	30.34%
1994	440,815	16,037	$ 36,380	8.0%	28.55%
1995	431,864	15,893	$ 36,802	8.6%	27.27%
1996	403,037	15,028	$ 37,286	7.9%	26.67%
1997	404,670	15,064	$ 37,224	7.8%	26.67%
1998	399,262	15,427	$ 38,640	7.5%	26.70%
1999	400,685	16,345	$ 40,793	7.0%	26.40%
2000	406,254	17,636	$ 43,411	6.9%	28.47%
2001	409,904	17,393	$ 42,433	6.9%	26.40%
2002 P	410,349	17,489	$ 42,621	6.8%	25.53%
2003 Q	433,610	20,431	$ 47,117	7.0%	27.19%

Source: Statistics Canada, Public Sector Employment 2003
P Projection denotes a projection for the year, not the final results.
Q Quarterly average, denotes a projection for the year based on the most recent quarterly results.

In considering where to reduce spending, one obvious area is the size of the public sector. The preceding table shows the size, cost and economic impact of Ontario's public sector. Based on quarterly projections for 2003, Ontario's public sector employment is slated to reach the second highest levels seen since 1995. Once again the former government failed to make substantial reduction is the size of Ontario government sector. This government must set targets for reducing public sector employment in the province. The following table presents three scenarios.

- B Baseline: reduces government employment to 2003 levels with average wage indexed for inflation;
- CTF target: reduces government employment by 5 per cent and holds average wages at 2002 levels adjusted for inflation; and
- LCD Lowest Common Denominator: reduces government employment to 1998 levels and adjusts 1998 average wages for inflation.

Ontario Public Sector Employment Reductions: 2004

Year	Provincial Public Sector Employment	Total Cost ($ million)	Average Wage	Public Sector as Percentage of Total	Savings (- Increase) ($ million)	Public Sector Wages as Percentage Of Spending
2004 [B]	433,610	20,757	$ 47,871	6.8%	- 327	29.27%
2004 [CTF]	411,930	18,558	$ 45,050	6.5%	1,873	26.17%
2004 [LCD]	399,262	17,550	$ 43,956	6.3%	2,881	24.75%

The current government has said it will institute a hiring freeze, but that is not enough. **Simply retaining the status quo will add $327 million to existing provincial government spending.** Whereas opting for a 5 per cent reduction would net small savings, setting a target of the lowest level of public sector employment since 1989 along with reining in average wages would produce more substantial savings.

2003 CTF Supporter Survey Questionnaire	
School Boards have very little authority and as such should be eliminated.	
Agree	68%
Disagree	23%
Undecided / No Answer	9%

The provincial government is only directly responsible for employing 120,000 people directly. The remaining 300,000 are employed in the province's health, social services and education sector, beyond the direct power of the provincial government. Lastly, if school board employees are also included in the mix, an additional 213,000 people rely on the province for employment. The $10 billion cost is paid for in part by the province and in part by local school boards – through provincially levied property taxes. Any provincial policy that would result in more school board employment could increase provincial government spending quite substantially. With average wages at $46,000 every increase in school board employment of 1,100 will result in $300 million in additional education spending.

Consolidation and Closure of Ministries

Rather than continuing with the existing diffuse ministerial structure, smaller ministries should be incorporated into larger ministries with junior ministers responsible for key policy areas. In this way competition will be fostered within each ministry, without adding to administrative costs. Finally these ministries would be required to pick up some of the slack resulting from reductions in other areas.

- Environment, Municipal Affairs and Transport should be combined into one Ministry of Municipal Services – pegged to reduce cumulative spending by 25 per cent.
- Agriculture and Agri-Food, Natural Resources, Energy and Northern Development and Mines should be combined into one Ministry of Natural Resources – pegged to reduce cumulative spending by 24 per cent.
- Consumer and Business Services, Labour and Economic Development and trade should be rolled into one Ministry of Commerce and Regulation – pegged to reduce Consumer and Business Services and Labour spending by 10 per cent.
- The Ministry of Finance should reduce the community reinvestment fund by at least 50 per cent.
- Board of Internal Economy, Executive Offices, and the Management Board secretariat should be rolled into one Ministry of Government Services with a benchmark for reducing cumulative spending by 50 per cent.

Certain areas and functions can be eliminated, including:

- Support for Children and Seniors – this function should be covered by the ministry of Social Services;
- Economic Development and Trade – should be eliminated as it is not a proper role for government to play;
- Intergovernmental Affairs – can and should be covered off by spending on executive offices;
- Culture, Public Infrastructure Renewal, and Tourism and Recreation – these are questionable roles for the provincial government to fulfill, and some of these functions can be covered by other ministries and agencies.

A detailed breakdown of savings resulting from the above can be found in Appendix I.

Privatization & Private-Public Partnerships

In the CTF's pre-budget presentations in 2003, we noted that privatization, public-private partnerships, and alternative service delivery were viable options for reducing government spending. At that time, there were medium term concerns about the growth in government spending as well as the size of government. Very little has changed on the government side – despite rhetoric in favour of privatization and alternative service deliver, the previous government did not meet its $2.5 billion target to find substantial savings. **Privatizing and ASD are not unique to Ontario: worldwide, government-owned enterprises now constitute only six per cent of "global gross domestic product" compared to ten per cent twenty years ago.** Over 100 countries have divested government-owned enterprises to the private sector.

In addition to reinventing government, the CTF recommends widespread privatization and public-private partnerships to promote competition, entrepreneurship, and efficient and cost-effective services. If the current government's concerns about a long-term structural deficit in Ontario prove to be correct, then they will have little choice but to divest of a number of holdings. These would include the following: the Liquor Control Board of Ontario, TV Ontario, Ontario Place – and any other enterprise better suited for the discipline of private sector competition.

In all cases, funds realized from divestiture should go directly toward debt repayment. The experience of the last budget shows the folly of booking asset sales as revenue to be used in supporting annual spending. This practice should not continue and apart from any annual savings resulting from divestiture, the main objective of this exercise is to reduce Ontario's government debt burden.

CTF Recommended Recovery Steps 4 through 8

4. *The Ontario government's current structural deficit is due to a spending problem, not a revenue problem. This is evidenced by a return to spending levels not seen since the New Democratic government of the early 1990s. The Ontario government must not increase spending. It should balance the budget with modest expenditure cuts and re-allocation within existing budget envelopes.*

5. *The government should focus on the provision of core services. It should review departmental spending with the mandate of rooting out waste, ending duplication with federal programs, and eliminating programs that no longer serve the public interest.*

6. *The government should set a target of reduction for the public service, including elimination of school boards and the reduction of other public sector workers directly and indirectly employed by the government.*

7. *The CTF recommends widespread privatization and public-private partnerships to promote competition, entrepreneurship, and efficient and cost-effective services. TV Ontario (TVO) and the Liquor Control Board of Ontario should be sold, and other*

candidates for privatization identified. All proceeds from sales of Crown assets should be used to reduce government debt.

8. *The government should legislate an end to corporate welfare as other provinces, such as Alberta and British Columbia, have done. The government should attempt to 'steer' the economy not 'row' it via direct involvement.*

Controlling Health Spending

Ontarians have expressed a preference for quality healthcare. Unfortunately, if current trends continue, healthcare will gobble up an increasing portion of the province's spending – up more than 16 per cent since 1989. The chart below shows the growth in Ontario's healthcare spending.

This ever-increasing healthcare envelope is a direct result of demographic and technological shifts that have increased the cost of providing healthcare. It is not simply a question of money without results, but as new treatments are adopted costs increase, while improving living standards increase life expectancies. That is not bad news – quite the contrary – but it is adding significant pressure to health systems around the world.

Apart from nibbling around the edges, a substantial re-evaluation of healthcare delivery in Canada will be required to find substantial savings. To date, the federal government has commissioned and delivered the report of the *Romanow Royal Commission on the Future of Medicare* and the Senate has delivered a large-scale study of the same nature. Some reforms have come out of these reports, but more significant reforms will be needed in the coming years. **Simply put, healthcare as currently funded is unsustainable.** Appendix II shows how current revenue and health spending growth will increase healthcare spending to one half of the province budget between 2013 and 2019 – less than nine years from now. As these are the early days of this government's mandate, it is a good time to take a realistic look at what changes to healthcare in Ontario can be accomplished within the confines of the *Canada Health Act.*

Growth in Health Spending 1989 - 2004
($ Million)

Year	Total Spending	Health Spending	Health as % of Total
1989-90	$ 41,602	$ 13,787	33.14%
1990-91	45,458	15,346	33.76%
1991-92	51,683	17,588	34.03%
1992-93	54,235	17,758	32.74%
1993-94	54,876	17,684	32.23%
1994-95	56,168	17,848	31.78%
1995-96	58,273	17,607	30.21%
1996-97	56,355	17,760	31.51%
1997-98	56,484	19,035	33.70%
1998-99	57,788	19,743	34.16%
1999-00	61,909	22,001	35.54%
2000-01	61,940	22,993	37.12%
2001-02	65,874	24,108	36.60%
2002-03	68,492	26,097	38.10%
2003-04 [P]	75,153	29,011	38.60%
2004-05 [CTF]	70,285	28,141	39.75%

Source: Provincial Budget Documents 1989 to 2003

The Long Term Solution

2003 CTF Supporter Survey Questionnaire	
The Ontario government has indicated a willingness to explore more private sector participation in health care delivery. How do you view this development?	
Positive	77%
Negative	16%
Undecided	7%

The long term solution to the healthcare funding dilemma is clear. Provincial governments including Ontario must urge the federal government to amend the Canada Health Act and permit the private sector to provide choice in healthcare services. A parallel private health care system would take the pressure off a beleaguered and chronically under-funded public system and allow us to maintain both health spending and spending in other areas. To quote William Thorsell, director and CEO of the Royal Ontario Museum,

> "The insistence on a monopoly public payer means that all the financial demands for basic insured care fall on government budgets… Because health care ranks so high in people's preferences, medicare claims a bigger share of public spending every year, starving other major priorities of resources even as it puts upward pressure on tax rates."
> Source: Globe and Mail March 15 2004

Examining private healthcare options does not make us less caring, or less Canadian. It ensures that we can provide quality care for a greater number of people, at less cost. It removes the ideological blinders which are preventing Canada from ensuring quality health care for future – and aging – generations.

CTF Recommended Recovery Step 9

9. *Healthcare currently consumes 40 per cent of the provincial budget and threatens to consume more each year as the population ages. This situation has led to an increased tax burden and a diversion of resources from other areas of public spending. To relieve the burden on the healthcare system, and ensure quality care for future generations of Ontarians, the government should control health spending, open up health care to innovation and private service providers, and urge the federal government to amend the Canada Health Act to permit full private choice in healthcare.*

Ontario Hydro

2003 CTF Supporter Survey Questionnaire	
Should the Ontario government privatize the electricity market OR should the Ontario market be owned and operated by the government?	
Privatized	39%
Gov't owned / operated	30%
Undecided / No Answer	32%
Should electricity be sold to Ontario consumers…	
Below what it costs to produce with the government making up the price difference with a subsidy?	11%
OR	
At the market price it costs to produce?	70%
Undecided / No answer	19%

As the recent reports from the provincial Electricity Conservation and Supply Task Force and OPG Review Committee have demonstrated, Ontario Hydro contributed to the financial woes of the previous government and has serious potential to negatively impact the current government. The decision to lift the rate cap was a good first step in reversing the financial damage caused by Ontario Hydro. Subsidizing the rate cap, by adding to the stranded Ontario Hydro debt, was an ill-advised move. In the end, hydro ratepayers covered the cost of the cap each month by paying into the mandated hydro debt retirement fund. By imposing a rate cap in name only, the previous government helped to add $700 million to the province's deficit.

It is essential that a viable long-term plan for Ontario's electricity sector be adopted and adhered to. In a perfect world discussions of options would be developed in a non-partisan environment, so that regardless of the outcome of the next few elections, hydro policy would not be reversed. The CTF encourages the government to strike a balanced all party committee with the goal of devising a long-term, market oriented and environmentally sound solution, involving both the public and the private sector.

CTF Recommended Recovery Step 10:

10. *The Ontario electricity industry is in crisis. The government needs to go back to the drawing board and develop a plan to meet the needs of Ontario electricity consumers and ensure there is long-term investment by the private sector to meet the province's growing power demand.*

Property Taxes & Current Value Assessment

2003 CTF Supporter Survey Questionnaire	
Are your local property or business taxes higher or lower this year (than last year)?	
Higher	89%
Same	4%
Lower	0%
Not Sure	5%
No Answer	2%
Generally speaking on what basis should municipal governments collect the majority of their tax revenues?	
Use of Services (greater use user-fees)	56%
Income (ability to pay)	11%
Property Values (current system)	18%

Rising property tax rates are a concern across Ontario. The recent announcement by the Finance Minister lifting the property tax cap from commercial and industrial properties now allows municipalities to impose a further tax burden on business property owners. This increase will be inevitably passed on to all taxpayers in the form of higher prices, raised rents and lost jobs.

The problem of higher property taxes is not limited, however, to this one regulatory change. **The system itself is the culprit.** Ontario's Current Value Assessment (CVA) system utilizes the current assessment of a property's value as the basis against which municipalities and the province set property tax rates. As assessed values fluctuate with the real estate market, so do the tax burdens on individual properties without any consideration given to the level of municipal services consumed, the ability to pay, or the cost of delivering services.

In theory, overall assessment changes should have no effect on the amount of tax paid. If assessments go up (or down) municipal councils and the province can and should adjust their property tax rates to ensure re-assessment is revenue neutral. But individual property values seldom rise and fall in lockstep. As a result, taxes for some property owners go up while they fall for others. Revised assessments shift tax burdens from one group of property owners to another on the basis of property values, rather than usage. And where municipalities do face an overall increase in assessed values and choose not to adjust the tax rate downwards — so it is revenue neutral — CVA is used as a stealth tax hidden from the public.

A growing number of taxpayers believe CVA is unfair and inequitable. This is because the assessment rate has no bearing on the municipal services a property consumes; it is a tax on capital, not on consumption; it also taxes on the basis of an unrealized capital gain, that is to say the perceived value of a property. And because assessments change routinely, it is difficult for property owners to predict what taxes will be in the future. Finally, regular re-assessments require a large – and costly – bureaucracy to administer. In 2001 the Municipal Property Assessment Corporation spent $141 million and in 2002, spending was up to $146 million.

Other jurisdictions — such as Britain, California, Florida and Israel— have successfully developed alternative municipal tax assessment arrangements. Given the growing number of local taxpayer groups calling for change, the government should establish an all-party committee to consider CVA alternatives that focus on usage and tax fairness, rather than property prices.

One promising option is to institute a tax rate cap as a means to stop assessment creep. Assessment creep is the phenomenon experienced by many Ontarians when the value of their house caused their property taxes to increase. Briefly, the proposal calls for a revision of the CVA system now in place in Ontario. Rather than using computer modeling to arrive at current values each year, the fairer model would look at lot size, habitable square footage and then place these measures in the context of each municipality's residential tax base. By taking property values out of the equation, the only way a municipality's assessment base will grow is by way of new construction or substantial renovations to existing homes. This system would be much simpler and cleaner, without the need for annual real estate market updates. For taxpayers this kind of system would bring a sense of stability to local taxes. The CTF will be further developing this proposal and releasing it later in 2004.

CTF Recommended Recovery Step 11:

11. Property tax reform must be a priority for the government. The government should scrap the Current Value Assessment system and implement a simpler, fairer usage-based assessment system which includes a tax cap provision to stop assessment creep.

Municipal Roadway Trust

2003 CTF Supporter Survey Questionnaire	
Do you support the reallocation of federal and provincial gas tax revenues to meet the infrastructure needs of Ontario cities?	
Yes	84%
No	7%
Undecided / No Answer	9%

The idea of a municipal roadway trust was first proposed by the CTF as part of its fourth annual Gas Tax Honesty Campaign. The idea of dedicating half of federal gas tax revenues was proposed because the government spends only a paltry 6 per cent of federal gas tax revenues on roadway spending and maintenance. **Rather than inventing another infrastructure program, the CTF's Municipal Roadway Trust would return about $800 million in federal gas taxes directly to Ontario's municipalities.** If the federal government adopted this approach, Ontario's municipalities would be relieved of some financial pressure.

During the election campaign, Premier McGuinty promised to share 2 cents of Ontario's 14.7 cents / litre fuel tax with municipalities. This pledge could be made a reality in the latter half of the government's mandate (after the budget is balanced) by implementing an Ontario Municipal Roadway Trust. **Such a trust could be modeled along similar lines as the federal MRT first proposed by the CTF in 2002, or on a bill currently before the legislature in Manitoba.** On March 1 2004, Manitoba Premier Gary Doer tabled the *Gas Tax Accountability Act.* This legislation seeks to dedicate all provincial road use gas and diesel taxes to Manitoba roads, highways and transportation systems, and also positions Manitoba to receive a portion of the federal gas tax as publicly discussed by Prime Minister Paul Martin.

Combined with a federal MRT, Ontario's municipalities could see an injection of between $1.1 and $1.5 billion to be spent on roads and transit infrastructure. Present municipal spending on roads in Ontario is about $3 billion per year. The following chart illustrates the allocations under a joint federal/Ontario MRT – based on 5 cents from the federal government and 2 cents from the provincial government:

Federal Ontario Municipal Roadway Trust Select Allocations
($ million)

	MRT to Toronto	MRT to Ottawa	MRT to Hamilton	MRT to London	MRT to Kitchener	MRT to St. Catharines	MRT to Windsor	MRT to Oshawa	MRT to Sudbury	MRT to Thunder Bay
Federal	335.2	68.6	45.5	28.3	29.0	26.0	21.2	20.5	10.3	8.3
Provincial	134.9	27.6	18.3	11.4	11.7	10.5	8.5	8.3	4.2	3.3
Total:	**470.1**	**96.2**	**63.8**	**39.7**	**40.7**	**36.4**	**29.7**	**28.8**	**14.5**	**11.6**

CTF Recommended Recovery Step 12:

12. More funds should be given to municipalities to help maintain their roads. The government should adopt the CTF Municipal Roadway Trust Model for Ontario as a way to ensure gasoline taxes are spent on roads and transit infrastructure, while also reducing financial pressures currently faced by municipal governments. Such a policy would return $320 million in Ontario gasoline taxes collected to all of the province's municipalities. When conjoined with a federal MRT, Ontario's municipalities would have over $1 billion in additional gasoline tax funds to help pay for roadway maintenance.

Conclusion

The provincial government must stand up and admit it has a spending problem – and take steps to get it under control. If it fails to honour its pledge to taxpayers not to increase taxes and not to run deficits, it will breach the basic covenant it made with voters to spend their money wisely. In addition, it will set itself up for failure in terms of balanced budgets to come. It will drag Ontario down the same deficit-strewn road traveled by the Bob Rae NDP a decade ago.

To tackle its spending problem, the government will have to make tough choices about the size and scope of government. Government cannot be all things to all people – and indeed should not be. Government should not in the business of maintaining monopolies like the LCBO or competing with other cultural media by means of TVO. And it should not increase Ontarians' tax burden by means of hidden taxes, tolls and regulatory increases.

The government must focus on its core priorities such as health and education. Even within those areas, the government must cut spending and revisit the way tax dollars are spent. The dramatic increase in health care spending cannot continue. Alternative means of delivery must be on the table. The government must also examine innovative ways of funding essential services like road maintenance through initiatives like the Municipal Roadway Trust.

The government cannot remain in a state of denial. It must rehabilitate itself and its finances to ensure Ontario's fiscal well-being. We therefore submit the Canadian Taxpayers Federation's Twelve-Step Program as the first step on the road to recovery.

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Appendix I:
Detailed Reallocation of Non-Priority Ministry Spending:
2004-2005

Ministry	Actual 2001-2002	Actual 2002-2003	Projected 2003-2004	Reduce All Ministries by: 21.5% Scenario 1 2004-2005	Eliminate and Cut Remainder 15.1% Scenario 2 2004-2005	Streamline Eliminate and Cut Remainder Scenario 3 Reinvention 2004-2005
Public Safety:						**Public**
Attorney General	1029	1,100	1,091	856	926	**Safety**
Community Safety and Correctional Serivces	1689	1,964	1,809	1,420	1,535	**2,900**
	2,718	**3,064**	**2,900**	**2,277**	**2,461**	(no cut)
Social Services:						**Social**
Children's Services	0	2,171	2,314	1,817	1,964	**Services**
Citizenship and Immigration	71	53	63	49	53	**8,248**
Community and Social Services	7773	5,673	5,853	4,595	4,967	(no cut)
Native Affaris	16	18	18	14	-	
	7,860	**7,915**	**8,248**	**6,475**	**6,985**	
Municipal:						**Municipal**
Environment	285	245	289	227	245	**Services**
Municipal Affairs	1147	656	872	685	740	**2,080**
Transportation	1482	1,379	1,489	1,169	1,264	(25% cut)
	2,914	**2,280**	**2,650**	**2,080**	**2,249**	
Resources:						**Natural**
Agriculture and Agri-Food	804	681	662	520	562	**Resources**
Natural Resources	508	526	621	487	527	**1,494**
Northern Development and Mines	446	464	430	338	365	(24% cut)
Energy	417	190	190	149	161	
	2,175	**1,861**	**1,903**	**1,494**	**1,615**	
Commerce:						**Commerce and**
Consumer and Business Services	172	178	178	140	151	**Regulation**
Labour	110	123	120	94	102	**268**
Economic Development and Trade	241	268	361	283	-	(10% cut)
	523	**569**	**659**	**517**	**253**	

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2004-2005

Ministry	**Actual 2001-2002**	**Actual 2002-2003**	**Projected 2003-2004**	Reduce All Ministries by: 21.5% Scenario 1 **2004-2005**	Eliminate and Cut Remainder 15.1% Scenario 2 **2004-2005**	Streamline Eliminate and Cut Remainder Scenario 3 Reinvention **2004-2005**
Finance:						
Own Account	587	1,100	1,233	968	1,046	**Finance**
Support for Children and Seniors	326	**-**	**-**	**-**	**-**	**2,151**
Community Reinvestment Fund	557	622	649	509	551	(50% Cut CRF)
Electricity Sector	-	1,451	1,210	1,210	1,210	
	1,470	**3,173**	**3,092**	**2,687**	**2,807**	
Government:						**Government**
Board of Internal Economy	124	146	169	133	143	**Services**
Executive Offices	19	20	20	16	17	**223**
Intergovernmental Affairs	4	6	6	5	-	(50% cut)
Management Board Secretariat	337	175	336	264	285	
	484	**347**	**531**	**417**	**446**	
Superfluous:						
Culture	293	372	343	269	-	-
Office of Francophone Affairs	4	3	4	3	-	-
Public Infrastructure Renewal	0	37	318	250	-	-
Tourism and Recreation	153	190	283	222	-	-
	450	**602**	**948**	**744**	**-**	-
Minus Contingencies	0	**-**	**-**	**-**	**-**	-
Reallocation Total:	**18,594**	**19,811**	**20,931**	**16,691**	**16,816**	**17,364**
Note: Retirement Bennefits are not touched		102	335	335	335	335

Source: Provincial Budget 2003 and Economic and Budget Update 2003

Appendix II:
Long-Term Health Scenarios

10 Year Increase in Health Spending versus Revenue

Year	Total Spending	Health Spending	Health as % of Total
2004-2005 [CTF]	70,285	28,141	40.04%
2005-2006	72,454	29,521	40.74%
2006-2007	72,454	29,521	40.74%
2007-2008	74,690	30,968	41.46%
2008-2009	76,925	32,415	42.14%
2009-2010	79,230	33,933	42.83%
2010-2011	81,604	35,523	43.53%
2011-2012	84,049	37,186	44.24%
2012-2013	86,567	38,928	44.97%
2013-2014	89,160	40,751	45.71%
2014-2015	91,831	42,659	46.45%
2015-2016	94,665	44,750	47.27%
2016-2017	94,665	44,750	47.27%
2017-2018	97,586	46,944	48.11%
2018-2019	100,507	49,138	48.89%
2019-2020	103,518	51,440	49.69%
2020-2021	106,620	53,849	50.51%
2021-2022	109,814	56,370	51.33%
2022-2023	113,104	59,010	52.17%
2023-2024	116,492	61,774	53.03%
2024-2025	119,982	64,667	53.90%
2025-2026	123,685	67,837	54.85%
2026-2027	123,685	67,837	54.85%
2027-2028	127,501	71,163	55.81%
2028-2029	131,318	74,489	56.72%
2029-2030	135,252	77,977	57.65%
2030-2031	139,304	81,629	58.60%
2031-2032	143,477	85,452	59.56%
2032-2033	147,776	89,454	60.53%
2034-2035	152,203	93,643	61.53%
2035-2036	156,763	98,029	62.53%

Last 5 Year Increase in Health Spending versus Revenue

Year	Total Spending	Health Spending	Health as % of Total
2004-2005 [CTF]	70,285	28,141	40.04%
2005-2006	72,298	29,815	41.24%
2006-2007	72,298	29,815	41.24%
2007-2008	74,369	31,588	42.47%
2008-2009	76,440	33,361	43.64%
2009-2010	78,570	35,240	44.85%
2010-2011	80,759	37,224	46.09%
2011-2012	83,010	39,320	47.37%
2012-2013	85,323	41,534	48.68%
2013-2014	87,700	43,873	50.03%
2014-2015	90,144	46,344	51.41%
2015-2016	92,726	49,100	52.95%
2016-2017	92,726	49,100	52.95%
2017-2018	95,382	52,020	54.54%
2018-2019	98,038	54,941	56.04%
2019-2020	100,769	58,035	57.59%
2020-2021	103,577	61,302	59.19%
2021-2022	106,464	64,754	60.82%
2022-2023	109,430	68,400	62.51%
2023-2024	112,480	72,252	64.24%
2024-2025	115,614	76,320	66.01%
2025-2026	118,925	80,859	67.99%
2026-2027	118,925	80,859	67.99%
2027-2028	122,332	85,669	70.03%
2028-2029	125,738	90,478	71.96%
2029-2030	129,242	95,573	73.95%
2030-2031	132,843	100,955	76.00%
2031-2032	136,545	106,639	78.10%
2032-2033	140,350	112,644	80.26%
2034-2035	144,260	118,986	82.48%
2035-2036	148,280	125,686	84.76%