affordable, responsible change
May 2003

Over the past year, our party has worked hard to develop a plan for change.

We have unveiled our plans for excellence in public education, stronger communities, a prosperous economy, better health care and a more democratic government. Together, these commitments form the most comprehensive and ambitious agenda any party has offered Ontarians.

Our plan holds the line on taxes, ensures balanced budgets, enhances essential public services and sets money aside for a rainy day. We have been guided by one overriding principle: we will, at all times, act responsibly in our management of your tax dollars.

To prove our commitment to this principle, we have gone to unprecedented lengths to ensure that the investments we will make are affordable and achievable.

A leading forensic accountant spent more than 70 hours reviewing our spending commitments. He validated the accuracy of our estimates.

We submitted our numbers to two different senior economists, each working independently. They analysed the impact of our planned investments and revenue projections.

Both confirmed that our platform and the economic assumptions underpinning it are more prudent and responsible than the Eves 2003 Budget plan and subsequent spending promises. They also confirmed that, compared with the Harris-Eves agenda, our platform significantly increases the probability of yielding both balanced budgets in all four years and increased surpluses that can be used to invest in our province’s future.

Our plan for change offers fiscal responsibility and real commitment to better schools, improved health care and a competitive workforce. These are our priorities.

In contrast, the Eves Tories offer billions more in tax giveaways to corporations and a $500 million gift to private schools. You can have more of the same from the Tories or a responsible, affordable plan that puts your interests first.

We have made our choices. Soon, it will be time for you to make yours.

Choose a party that is committed to working for you, for a change.

Dalton McGuinty,
Leader of the Ontario Liberal Party
March 12, 2003

Mr. Dalton McGuinty
Leader of the Ontario Liberal Party
Room 381 Legislative Building, Queen’s Park
Toronto ON M7A 1A4

Dear Mr. McGuinty:

I have been asked by your officials to prepare revenue and expenditure projections for the Province of Ontario under the Ontario Liberal Party’s proposed program. These projections are attached to this letter. Of course, actual fiscal outcomes depend on uncertain events and, therefore, actual results will differ somewhat from these projections. However, I believe that these projections are prudent and reasonable based on the best currently available information and economic forecasts.

The current government’s 2003-04 budget has been used as a baseline for the projections, with one important qualification. The government’s 2003-04 budget includes $1.8 billion in revenues from major asset sales, which I believe to be questionable. Therefore, I have removed $1.8 billion from 2003-04 baseline revenues, and assumed instead what I believe to be a more reasonable $900 million in major asset sales in the following year (2004-05).

The projections incorporate all policy measures included in your proposed program, along with annual revenue and expenditure increases due to economic growth, population growth, and price increases. The projections assume real GDP growth of 3.5% in each of 2005, 2006 and 2007.

Expenditures for your proposed programs were provided by Jack Marmer, C.A., C.G.A., C.F.E., the forensic accountant who reviewed your Party’s platform costs. I conducted my own general review of the expenditure numbers and agree that they are reasonable estimates for your program commitments.

The projections show balanced budgets in each of the fiscal years 2003-04, 2004-05 and 2005-06, with reserves of $1.0 billion per year. In 2006-07, the projected surplus is $1.3 billion after incorporating a $1.8 billion reserve. Therefore, in 2006-07, you would have the fiscal room to introduce $1.3 billion in policy initiatives beyond those in your proposed program.

In short, in my professional opinion, your fiscal plan produces at least balanced budgets and a prudent reserve every year.

Sincerely,

[Signature]

David Hall
Principal
Government of Ontario Fiscal Summary
under the Ontario Liberal Party Proposed Program ($ billions)

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>71.6</td>
<td>75.4</td>
<td>79.2</td>
<td>83.4</td>
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<tr>
<td>Expenditure</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Programs</td>
<td>59.4</td>
<td>63.2</td>
<td>67.1</td>
<td>70.1</td>
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<tr>
<td>Net capital expenditure</td>
<td>2.5</td>
<td>2.5</td>
<td>2.5</td>
<td>2.5</td>
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<tr>
<td>Public debt interest</td>
<td>8.7</td>
<td>8.7</td>
<td>8.6</td>
<td>8.5</td>
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<tr>
<td>Total expenditure</td>
<td>70.6</td>
<td>74.4</td>
<td>78.2</td>
<td>81.1</td>
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<tr>
<td>Surplus before reserve</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
<td>2.3</td>
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<tr>
<td>Less: reserve</td>
<td>-1.0</td>
<td>-1.0</td>
<td>-1.0</td>
<td>-1.0</td>
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<tr>
<td>Surplus after reserve</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>1.3</td>
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</tbody>
</table>

Notes:
These projections adopt the assumptions used in the current government’s 2003-04 budget of 3.0% real GDP growth in 2003 and 3.6% in 2004. The budget assumptions have been maintained in the interest of comparability between the government’s budget and the proposed Liberal program.

Private sector forecasts since March 27, 2003 suggest that real GDP growth may be slightly lower than assumed in the budget. A May 1, 2003 survey showed that the consensus forecast among private sector economists is 2.7% growth in 2003 and 3.4% in 2004. However, the differences between the current consensus and the assumptions used in the 2003-04 budget are sufficiently small as to be easily absorbed by the $1.0 billion reserve which has been provided for in both the government’s 2003-04 budget and the proposed Liberal program.

Liberal Platform Costing

How we will pay for it:²

Cancelling Tory Tax Giveaways:
- Corporate and Capital Taxes 2,691.0
- Private School Tax Credit 425.0
- Maintaining Fair Share Health Levy and PIT Rates 1,005.0
- Maintaining Education Property Tax Levels 450.0

Eliminating Tory Waste:
- Eliminating Partisan Government Advertising 50.0
- Enhanced Corporate Tax Compliance³ 400.0
- Reducing Private Consultants³ 400.0
- Moving to National Average on Tobacco Tax 700.0

Total New Savings & Revenue 6,121.0

How we will invest it:
- Health Care 2,675.5
- Achieving Our Potential: Economic Growth Plan 650.5
- Excellence For All: Education 1,606.4
- Growing Strong Communities 773.0
- Other Programs 181.0

Total New Investments 5,886.4

Notes:
1 Estimates represent fiscal year 4 of a Liberal government (fiscal year 2006-07)
2 New revenues exclude Federal Health Transfers of $2.7 billion and Labour Market Development Agreement transfer of $550 million.
3 Based on findings of the Provincial Auditor of Ontario (2002 Annual Report).
## Liberal Program Expenditure Details ($ in millions)

<table>
<thead>
<tr>
<th>Category</th>
<th>Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Health Care</strong></td>
<td></td>
</tr>
<tr>
<td>Shorter Waiting Times</td>
<td>497.0</td>
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<tr>
<td>Better Care</td>
<td>1,199.0</td>
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<tr>
<td>Health Care Professionals</td>
<td>786.7</td>
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<tr>
<td>Helping People Stay Healthy</td>
<td>192.8</td>
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<tr>
<td><strong>Total Health Care</strong></td>
<td>2,675.5</td>
</tr>
<tr>
<td><strong>Achieving Our Potential</strong></td>
<td></td>
</tr>
<tr>
<td>Increased Capacity in Ontario Colleges &amp; Universities</td>
<td>410.0</td>
</tr>
<tr>
<td>More Financial Assistance for Students²</td>
<td>88.0</td>
</tr>
<tr>
<td>Skills &amp; Training For a Better Workforce³</td>
<td>47.5</td>
</tr>
<tr>
<td>More Innovative and Global Economy</td>
<td>105.0</td>
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<tr>
<td><strong>Total Achieving Our Potential</strong></td>
<td>650.5</td>
</tr>
<tr>
<td><strong>Excellence For All</strong></td>
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<tr>
<td>Capping Class Size</td>
<td>375.9</td>
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<tr>
<td>Better Student Achievement</td>
<td>199.9</td>
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<tr>
<td>Funding Students for Success</td>
<td>730.6</td>
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<tr>
<td>Best Start (Early Years)</td>
<td>300.0</td>
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<tr>
<td><strong>Total Excellence For All</strong></td>
<td>1,606.4</td>
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<tr>
<td><strong>Growing Strong Communities</strong></td>
<td></td>
</tr>
<tr>
<td>Cleaner Ontario</td>
<td>448.0</td>
</tr>
<tr>
<td>Managing Growth/Stronger Cities</td>
<td>74.0</td>
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<tr>
<td>Better Housing</td>
<td>200.0</td>
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<tr>
<td>Safer Communities</td>
<td>51.0</td>
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<tr>
<td><strong>Total Growing Strong Communities</strong></td>
<td>773.0</td>
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<tr>
<td><strong>Other Programs</strong></td>
<td>181.0</td>
</tr>
<tr>
<td><strong>Total New Investments</strong></td>
<td>5,886.4</td>
</tr>
</tbody>
</table>

Notes:

1 Estimates represent fiscal year 4 of a Liberal government (fiscal year 2006-07).
2 Excludes tuition freeze and tuition waiver funds as those expenditures occur in previous fiscal years.
3 Excludes $550 million cost of Rapid Re-Employment & Training System (offset by federal funding from Labour Market Development Agreement).
May 7, 2003

Dalton McGuinty, MPP
Leader of the Official Opposition
Leader of Ontario Liberal Party
Room 381, Main Legislative Building
Queen’s Park
Toronto, ON M7A 1A4

Dear Sir:

You asked me to review the estimated incremental cost of the proposals of the Ontario Liberal Party as set out in its platform.

I conducted a detailed, line-by-line review with your staff. To do this, I spent about 70 hours. Their reports set out their best estimate of the incremental costs. I agree both with their methodology and the costs determined as a result of the application of that methodology. Any of the concerns I had are dealt with in their report. I have no unresolved issues or concerns.

For fiscal 2006-7, the total incremental cost will be about $5.9 billion. The incremental costs do not include $550 million for the Rapid Re-Employment and Training System, as this is fully funded by a Federal Government transfer.

Yours truly,


Jack Marmer, C.A., C.G.A., C.F.E. is one of Canada’s leading forensic accountants. A practicing accountant for more than 40 years, he was a founding partner of Marmer Penner, Inc., a firm providing litigation support, forensic accounting and valuation services. Mr. Marmer is a former member of the Professional Conduct Committee of the Institute of Chartered Accountants of Ontario, served as an expert witness in numerous trials and is a Certified Fraud Examiner.
May 13, 2003

Mr. Dalton McGuinty MPP
Leader of the Official Opposition
Leader of the Ontario Liberal Party
Room 381, Main Legislative Bldg.
Queen’s Park
Toronto, Ontario M7A 1A4

Dear Mr. McGuinty,

Thank you for the opportunity to review the economic underpinnings of the Ontario Liberal Party’s policy agenda.

After examining the program details, I believe that it is a workable plan for our province. Within the confines of a relatively slow growth and highly uncertain economic environment, your commitment to balancing the budget is both reassuring and an essential ingredient in successful long-term fiscal planning.

Personal and corporate taxes recently have been reduced substantially. It is now important to redress the quality deficits that have developed in our health and education systems and our provincial infrastructure. This is a very difficult task given the province’s fiscal realities, particularly when almost $9 billion is being required each year to service Ontario’s accumulated debt. On a relative basis, this burden remains higher than the average for other provinces and I strongly recommend that the Province focus on reducing this dead weight drag on our fiscal options.

Warren Jestin

Dr. Warren Jestin is the Senior Vice President and Chief Economist at Scotiabank, one of North America’s leading financial institutions.

Dr. Jestin has been analyzing federal and provincial budgets for 25 years. Before joining Scotiabank, he spent a number of years working in the Research Department at the Bank of Canada and teaching in the economics departments of several Canadian universities. He holds a Doctorate in economics from the University of Toronto.
you have a choice

The Ontario Liberal Plan is responsible and affordable. Independent experts have reviewed our plan and confirmed our numbers.

On the other hand, the experts say that the Tory numbers do not add up:

- The **Dominion Bond Rating Service** says that, when adjusted for unrealistic assumptions, the Eves Budget for 2003-04 actually shows a “deficit of $1.9 billion.”
- The **TD Bank** found the Tory budget is hiding a real deficit of $2 billion this year.
- **Standard & Poor’s** credit rating agency reports that the Tories are on track to produce a 2003-04 deficit of more than $1.2 billion and criticized inflated asset sales numbers as “inconsistent with its stated objective to take the necessary steps to balance the budget.”

Dalton McGuinty’s Liberals will balance our budgets, keep taxes down and give you better public services. We will make government work for you, for a change.

You have a choice.

A Tory government that gives your money away to big corporations and private schools or a Liberal government that invests your money in better services for you.

A Tory government that makes promises it just cannot afford or a Liberal government that is committed to living within its means.

**Choose change. Choose responsible government you can trust.**

**Choose Dalton McGuinty and the Ontario Liberals.**