2017 Document: Preliminary Fiscal Planning Scenarios

Current Planning Scenario: Latest Revenue Forecast, Approvals to Date, No New Investments or Tools

$ Millions	2017-18	2018-19	2019-20	Avg. Ann Growth 2016-17 to 2019-20	Avg. Ann Growth 2017-18 to 2019-20
Current Revenue	140,195	142,535	145,335	3.0%	1.8%
Incl. High Yield Assumptions	*1,937*	*2,628*	*1,320*		
Aggressive Revenue Forecast	-	-	-		
More Aggressive Revenue Forecast	-	-	-		
New Revenue Tools	-	-	-		
Total Revenue	140,195	142,535	145,335	3.0%	1.8%
Program Spending					
Approved In Principle Outlook	127,881	132,108	135,220	3.1%	2.8%
Incl. Current C-Funds	*117*	*1,105*	*1,823*		
Incl. Current Year-end Savings	*(1,200)*	*(1,225)*	*(1,275)*		
Rebuild C-Funds to $600M	-	-	-		
Program Review Savings Target	-	-	-		
Scalable Priority Initiatives	-	-	-		
Document Initiatives Envelope	-	-	-		
Total Program Spending	127,881	132,108	135,220	3.1%	2.8%
Current Interest on Debt	11,700	12,400	12,600		
Total Expense	139,581	144,508	147,820	3.2%	2.9%
Current Reserve	700	800	1,000		
Planning Surplus/Deficit	*(86)*	*(2,773)*	*(3,486)*		
Fiscal Anchor	-	-	-		
Fiscal Room/(Hole)	(86)	(2,773)	(3,486)		

Scenario 1: Moderate Increase to Revenue Forecast, Program Review Savings Target +Revenue Tools

$ Millions	2017-18	2018-19	2019-20	Avg. Ann Growth 2016-17 to 2019-20	Avg. Ann Growth 2017-18 to 2019-20
Current Revenue	140,195	142,535	145,335	3.0%	1.8%
Incl. High Yield Assumptions	*1,937*	*2,628*	*1,320*		
Agressive Revenue Forecast	(544)	781	424		
More Aggressive Revenue Forecast	-	-	-		
New Revenue Tools	409	740	1,002		
Total Revenue	140,060	144,056	146,761	3.3%	2.4%
Program Spending					
Approved In Principle Outlook	127,881	132,108	135,220	3.1%	2.8%
Incl. Current C-Funds	*117*	*1,105*	*1,823*		
Incl. Current Year-end Savings	*(1,200)*	*(1,225)*	*(1,275)*		
Rebuild C-Funds to $600M	-	-	-		
Program Review Savings Target	-	(500)	(500)		
Scalable Priority Initiatives	-	-	-		
Document Initiatives Envelope	-	-	-		
Total Program Spending	127,881	131,608	134,720	3.0%	2.6%
Current Interest on Debt	11,700	12,400	12,600		
Total Expense	139,581	144,008	147,320	3.0%	2.7%
Current Reserve	700	800	1,000		
Planning Surplus/Deficit	*(221)*	*(752)*	*(1,560)*		
Fiscal Anchor	-	-	-		
Fiscal Room/(Hole)	(221)	(752)	(1,560)		

Scenario 2: Aggressive Increase to Revenue Forecast, Additional Savings Target, Rebuilding 2017-18 C-Funds, Inclusion of Scalable Priority Initiatives, IOD Savings

$ Millions	2017-18	2018-19	2019-20	Avg. Ann Growth 2016-17 to 2019-20	Avg. Ann Growth 2017-18 to 2019-20
Current Revenue	140,195	142,535	145,335	3.0%	1.8%
Incl. High Yield Assumptions	*1,937*	*2,628*	*1,320*		
Aggressive Revenue Forecast	(544)	781	424		
More Aggressive Revenue Forecast	1,488	2,313	3,630		
New Revenue Tools	409	740	1,002		
Total Revenue	141,548	146,369	150,391	4.2%	3.1%
Program Spending					
Approved In Principle Outlook	127,881	132,108	135,220	3.1%	2.8%
Incl. Current C-Funds	*117*	*1,105*	*1,823*		
Incl. Current Year-end Savings	*(1,200)*	*(1,225)*	*(1,275)*		
Rebuild C-Funds to $600M	483	-	-		
Program Review Savings Target	-	(1,000)	(1,000)		
Scalable Priority Initiatives	700	1,000	1,300		
Document Initiatives Envelope	200	200	200		
Total Program Spending	129,264	132,308	135,720	3.3%	2.5%
Lower Interest on Debt	11,572	12,034	12,181		
Total Expense	140,836	144,342	147,901	3.2%	2.5%
Current Reserve	700	800	1,000		
Planning Surplus/Deficit	*12*	*1,227*	*1,489*		
Fiscal Anchor	-	-	-		
Fiscal Room/(Hole)	12	1,227	1,489		

Key Revenue Assumptions	2017-18	2018-19	2019-20	Current Status
High Yield Revenue Assumptions:				
PIT Tax Planning risk	350	350	350	Pending
CIT Revenue Yield	460	670	670	Partially Achieved
Unconditional Federal Infrastructure Funding	500	1000	0	Not Yet Achieved
Unconditional Federal Home Care Funding	250	231	0	Not Yet Achieved
Unconditional Federal Jobs and Training Funding	77	77	0	Achieved
OLG Net Income	165	165	165	Achieved
LCBO Net Income	35	35	35	Not Achieved
Recoveries	100	100	100	Partially Achieved
Total High Yield Revenue Assumptions	1,937	2,628	1,320	

Potential Risks

Lower levels of prudence: c-fund depleted in 2017-18; lower reserves in 2017-18, and 2018-19

Higher assumed Year-End Savings

Other expense and revenue pressures not included (specified below)

Additional Key Revenue Assumptions	2017-18	2018-19	2019-20
Revised Federal Infrastructure Funding	-500	0	0
Take CHT Target Funding Offer	-134	96	424
Restore Asset Optimization as per Budget 2016	90	685	0
Aggressive Revenue Forecast	(544)	781	424
Targeted Tax Changes	409	640	802
Revenue Integrity Target (TBC)	0	100	200
Total New Revenue Measures	409	740	1,002
Total Incremental Revenue	-135	1,521	1,426

Potential Risks

More aggressive but still defensible revenue assumptions

Backs out federal infrastructure assumption: Backs out federal infrastructure funding that is unlikely to materialize

Additional program review savings target

Additonal Key Revenue Assumptions	2017-18	2018-19	2019-20
Remove Nominal GDP prudence	100	200	300
Zero PIT tax planning	100	106	113
Stronger HST based on Ontario Economic Growth Outlook	247	259	273
Revised Federal Infrastructure Funding Assumption	-	-	1,000
Hold Equalization at 2017-18 level	-	733	733
Stronger LCBO Projections	-	36	76
Exclude IFRS Accounting from OPG/H1 Outlook	425	525	675
Remove Cap and Trade prudence (TBC)	616	454	460
Revenue Integrity Target			
Total Incremental Revenue	1,488	2,313	3,630

Potential Risks

No remaining IOD prudence

Significantly higher additional program review savings target

Agressive revenue forecast may not materialize

Includes rebuilding contingency fund

Low — Risk Assessment — High

Other Impacts With No Estimates, Info to Come	2017-18	2018-19	2019-20
Federal Budget Impacts	tbd	tbd	tbd
Grassy Narrows	tbd	tbd	tbd
Contaminated Sites	tbd	tbd	tbd
Consolidation Updates	tbd	tbd	tbd
Further updates to IFRS	tbd	tbd	tbd
Deferred PRRT Amounts	tbd	tbd	tbd
Other Document Initiatives	tbd	tbd	tbd
Updates to IOD Forecast	tbd	tbd	tbd
2016 Tax Return Processing	tbd	tbd	tbd
Economic Growth Outlook	tbd	tbd	tbd
Ontario Housing Outlook	tbd	tbd	tbd

Other Potential Changes	2017-18	2018-19	2019-20
Lower OPG Revenues	(173)	(42)	84
Preliminary Pension Forecast Update	420	450	170
Potential OMA Mandate	217	396	522
Reverse MOHLTC Savings Target (OMA)	160	220	220
Remaining Scalable Initiatives	174	452	453
PIT Tax Planning risk	(350)	(350)	(350)
Total Other Potential Changes	448	1,127	1,099

Potential improvement to gap

Potential improvement or deterioration to gap

Potential deterioration to gap