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	**139,456**	**142,004**	**145,597**	**3.0%**	**2.2%**
Incl. High Yield Assumptions	*1,212*	*1,954*	*1,063*		
Aggressive Revenue Forecast	-	-	-		
More Aggressive Revenue Forecast	-	-	-		
New Revenue Tools	-	-	-		
Total Revenue	**139,456**	**142,004**	**145,597**	**3.0%**	**2.2%**
Program Spending					
Approved In Principle Outlook	**128,640**	**132,779**	**135,539**	**3.2%**	**2.6%**
Incl. Current C-Funds	*156*	*1,115*	*1,823*		
Incl. Current Year-end Savings	*(1,200)*	*(1,225)*	*(1,075)*		
Rebuild C-Funds to $600M	-	-	-		
Program Review Savings Target	-	-	-		
Scalable Priority Initiatives	-	-	-		
Document Initiatives Envelope	-	-	-		
Total Program Spending	**128,640**	**132,779**	**135,539**	**3.2%**	**2.6%**
Current Interest on Debt	11,717	12,455	12,702		
Total Expense	**140,357**	**145,234**	**148,241**	**3.3%**	**2.8%**
Current Reserve	700	800	1,000		
Planning Surplus/Deficit	***(1,601)***	***(4,030)***	***(3,644)***		
Fiscal Anchor	-	-	-		
Fiscal Room/(Hole)	**(1,601)**	**(4,030)**	**(3,644)**		

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	285	527	713	Pending
Unconditional Federal Infrastructure Funding	500	1,000	–	Not Yet Achieved
Unconditional Federal Jobs and Training Fund	77	77	–	Not Yet Achieved
Total High Yield Revenue Assumptions	**1,212**	**1,954**	**1,063**	

As of: March 5, 2017 6:00pm – Confidential Advice to Cabinet

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	139,456	142,004	145,597	3.0%	2.2%
Incl. High Yield Assumptions	*1,212*	*1,954*	*1,063*		
Aggressive Revenue Forecast	199	287	995		
More Aggressive Revenue Forecast	-	-	-		
Targeted Tax Changes	409	640	802		
Revenue Strategy Target	-	200	350		
Total Revenue	**140,064**	**143,131**	**147,744**	**3.5%**	**2.7%**
Program Spending					
Approved In Principle Outlook	128,640	132,779	135,539	3.2%	2.6%
Incl. Current C-Funds	*156*	*1,115*	*1,823*		
Incl. Current Year-end Savings	*(1,200)*	*(1,225)*	*(1,075)*		
Rebuild C-Funds to $600M	-	-	-		
Program Review Savings Target	-	(500)	(500)		
Scalable Priority Initiatives	-	-	-		
Document Initiatives Envelope	-	-	-		
Total Program Spending	**128,640**	**132,279**	**135,039**	**3.1%**	**2.5%**
Current Interest on Debt	11,717	12,455	12,702		
Total Expense	**140,357**	**144,734**	**147,741**	**3.1%**	**2.6%**
Current Reserve	700	800	1,000		
Planning Surplus/Deficit	***(993)***	***(2,403)***	***(997)***		
Fiscal Anchor	-	-	-		
Fiscal Room/(Hole)	**(993)**	**(2,403)**	**(997)**		

Key Scenario 1 Revenue Assumptions	2017-18	2018-19	2019-20
Aggressive Forecast Assumptions			
More Aggressive Land Transfer Tax Revenues	*544*	*787*	*995*
Revised Federal Infrastructure Funding	*(500)*	*(500)*	*–*
More Aggressive H1 Share Price Scenario	*155*	*–*	*–*
Subtotal Aggressive Forecast Assumptions	**199**	**287**	**995**
Targeted Tax Changes (tobacco, beer, insurance, EPT)	**409**	**640**	**802**
Revenue Strategy Target	**–**	**200**	**350**
Total Key Revenue Assumptions	**608**	**1,127**	**2,147**

Key Scenario 1 Expense Assumptions			
Program Review Savings Target	**–**	**(500)**	**(500)**
Total Additional Expense Assumptions	**–**	**(500)**	**(500)**

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	139,456	142,004	145,597	3.0%	2.2%
Incl. High Yield Assumptions	*1,212*	*1,954*	*1,063*		
Aggressive Revenue Forecast	199	287	995		
More Aggressive Revenue Forecast	347	1,623	2,294		
Targeted Tax Changes	409	720	962		
Revenue Strategy Target	-	400	700		
Total Revenue	**140,411**	**145,034**	**150,548**	**4.2%**	**3.5%**
Program Spending					
Approved In Principle Outlook	128,640	132,779	135,539	3.2%	2.6%
Incl. Current C-Funds	*156*	*1,115*	*1,823*		
Incl. Current Year-end Savings	*(1,200)*	*(1,225)*	*(1,075)*		
Rebuild C-Funds to $600M	444	-	-		
Program Review Savings Target	-	(1,000)	(1,000)		
Scalable Priority Initiatives	658	1,044	1,362		
Document Initiatives Envelope	200	200	200		
Must-Do Deferred Items	85	19	91		
All Other Expense Levers	(194)	(632)	(560)		
Total Program Spending	**129,832**	**132,410**	**135,632**	**3.2%**	**2.2%**
Lower Interest on Debt	11,589	12,089	12,283		
Total Expense	**141,421**	**144,499**	**147,915**	**3.2%**	**2.3%**
Reduced Reserve	700	800	1,000		
Planning Surplus/Deficit	***(1,710)***	***(265)***	***1,633***		
Fiscal Anchor	-	-	-		
Fiscal Room/(Hole)	**(1,710)**	**(265)**	**1,633**		

Key Scenario 2 Revenue Assumptions	2017-18	2018-19	2019-20
Total Incremental Revenue from Scenario 1	**608**	**1,127**	**2,147**
Further Aggressive Forecast Assumptions			
Zero PIT Tax Planning	*100*	*106*	*113*
Stronger HST Based on Ontario Eco. Outlook	*247*	*259*	*273*
Continue Federal Infrastructure Assumption	*–*	*–*	*500*
Hold Equalization and 2017-18 level ($1.4 billion)	*–*	*733*	*733*
Exclude IFRS Acct'g from OPG/H1 beyond 17-18	*–*	*525*	*675*
Subtotal Further Aggressive Forecast Assumptions	**347**	**1,623**	**2,294**
Augment Targeted Tax Change (tobacco to $40 by 19-20)	**–**	**80**	**160**
Further Increase Revenue Strategy Target	**–**	**200**	**350**
Total Scenario 2 Revenue Tools	**955**	**3,030**	**4,951**

Key Scenario 2 Expense Assumptions			
Total Additional Expense Assumptions from Scenario 1	**–**	**(500)**	**(500)**
Additional Expense Investments			
Must-Do PRRT Deferrals	*85*	*19*	*91*
Restore 2017-18 Contingency funds to $600 million	*444*	*–*	*–*
Scaleable Initiatives Envelope	*658*	*1,044*	*1,362*
Other Document Initiatives Envelope	*200*	*200*	*200*
Subtotal Additional Expense Investments	**1,387**	**1,263**	**1,654**
Expense Levers			
Higher Program Savings Target	*–*	*(500)*	*(500)*
Scale Back Approvals-in-Principle	*(104)*	*(232)*	*(300)*
Affordability Fund to be Managed	*(50)*	*(50)*	*–*
Reduce Cap-and-Trade Envelope (find-in-plan)	*(40)*	*(200)*	*(200)*
Reduce Pension Impact (only take 2/3 of pressure)	*–*	*(150)*	*(60)*
Subtotal Additional Expense Levers	**(194)**	**(1,132)**	**(1,060)**
Total Scenario 2 Program Expense Assumptions	**1,193**	**(369)**	**94**
Scenario 2 Interest on Debt Savings	**(128)**	**(366)**	**(419)**

Scenario 3: Mix of Tools and Investments to Balance

$ 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	139,456	142,004	145,597	3.0%	2.2%
Incl. High Yield Assumptions	*1,212*	*1,954*	*1,063*		
Aggressive Revenue Forecast	651	1,915	2,056		
Targeted Tax Changes	409	720	962		
Revenue Strategy Target	-	600	700		
Total Revenue	**140,516**	**145,239**	**149,315**	**3.9%**	**3.1%**
Program Spending					
Approved In Principle Outlook	128,640	132,779	135,539	3.2%	2.6%
Incl. Current C-Funds	*156*	*1,115*	*1,823*		
Incl. Current Year-end Savings	*(1,200)*	*(1,225)*	*(1,075)*		
Rebuild C-Funds	244	59	411		
Program Review Savings Target	(250)	(1,000)	(1,000)		
Scalable Priority Initiatives	583	1,044	1,362		
Document Initiatives Envelope	125	200	200		
Must-Do Deferred Items	-	-	80		
All Other Expense Levers to Balance	(664)	(632)	(560)		
Total Program Spending	**128,677**	**132,450**	**136,032**	**3.3%**	**2.8%**
Lower Interest on Debt	11,439	12,039	12,283		
Total Expense	**140,116**	**144,489**	**148,315**	**3.3%**	**2.9%**
Reduced Reserve	400	750	1,000		
Planning Surplus/Deficit	-	-	-		
Fiscal Anchor	-	-	-		
Fiscal Room/(Hole)	**-**	**-**	**-**		

Revenue Tools to Balance Key Assumptions	2017-18	2018-19	2019-20
Total Scenario 2 Revenue Tools	**955**	**3,030**	**4,951**
No Infrastructure Assumption in 2019-20	–	–	(500)
No Equalization in 2019-20	–	–	(733)
Asset Optimization – Assume Additional 80 cents/share	105	5	–
Additional Revenue Strategy Target	–	200	–
Total Revenue to Balance	**1,060**	**3,235**	**3,718**
Expense Assumptions to Balance			
Total Scenario 2 Expense Assumptions	**1,193**	**(369)**	**94**
Set Contingency Funds to $400 million	(200)	–	–
Higher 2017-18 Savings target	(250)	–	–
Manage Deferred Must-do items	(85)	(19)	(11)
Scale back Scalable Initiatives	(75)	–	–
Scale back Document Initiatives Envelope	(75)	–	–
Build up Contingency Fund/(Manage Expense)	(470)	59	411
Total Program Expense Assumptions to Balance	**37**	**(329)**	**493**
Total Scenario 2 Interest on Debt Assumptions	**(128)**	**(366)**	**(419)**
Further Reduce Interest on Debt Forecast	(150)	(50)	–
Total Interest on Debt Assumptions to Balance	**(278)**	**(416)**	**(419)**
Reduce Reserve	**(300)**	**(50)**	**–**

Moderate — **Risk Assessment** — **High**