Ontario

2017 Ontario Budget Overview

2017 Ontario Budget

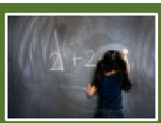
A Stronger, Healthier Ontario

DM Technical Briefing Presentation
April 27, 2017

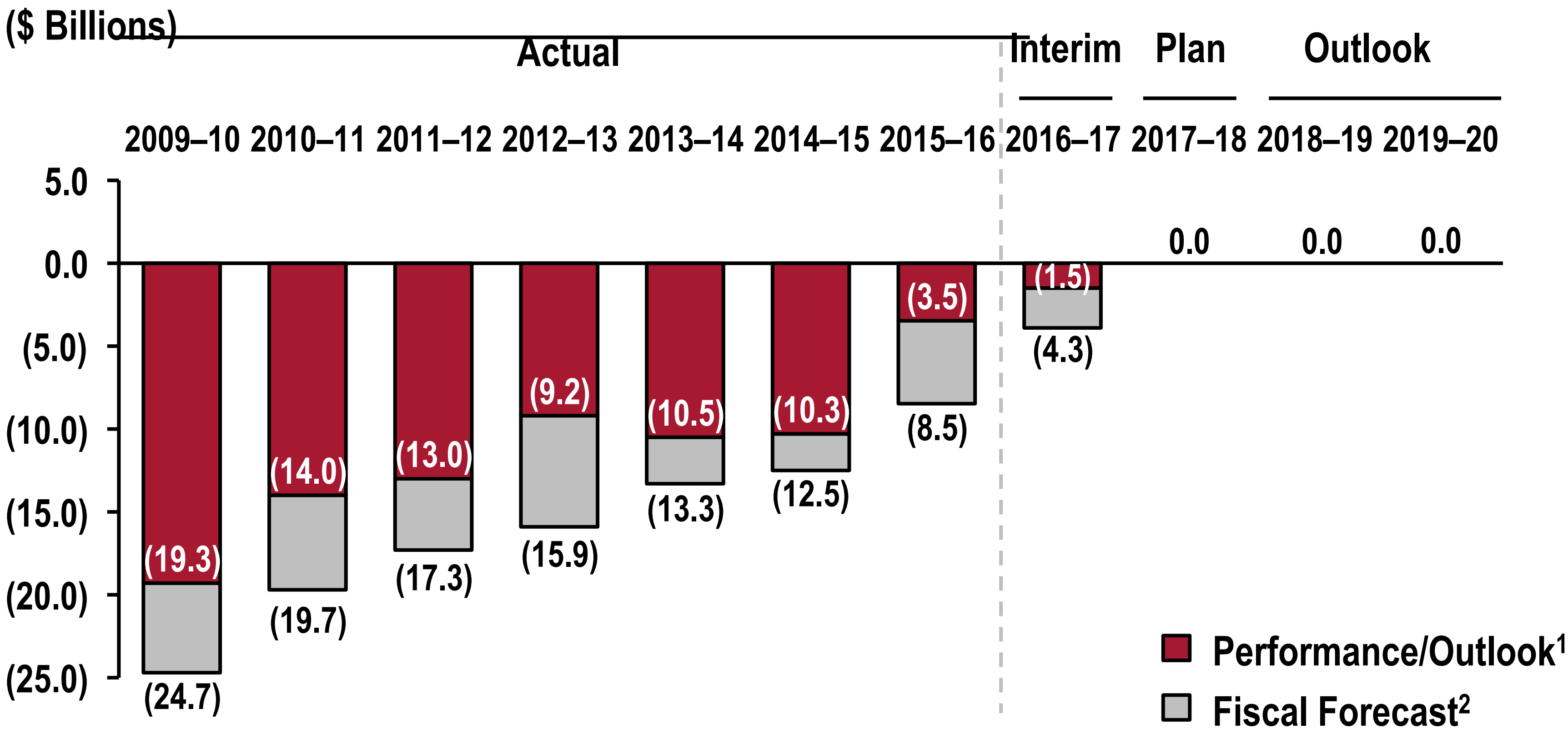
www.ontario.ca/budget

Purpose

- Provide an overview of the 2017 Budget, including:
  - Key Themes and Initiatives
  - Key Economic and Fiscal Charts and Tables
  - Highlight Key Risks to the Fiscal Plan and Post-Budget Strategy



Ontario's Return to Balance



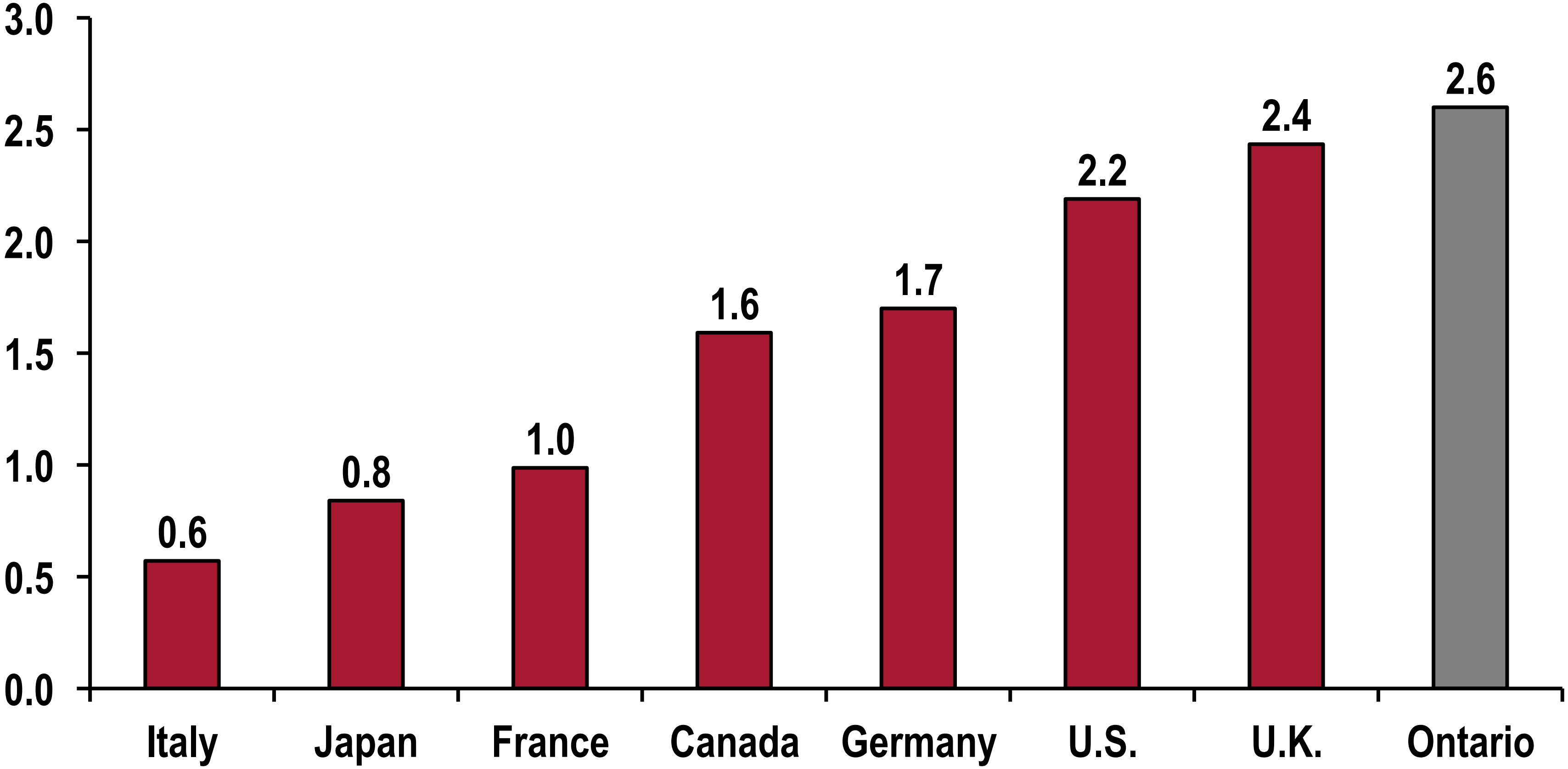
[1] Represents the *2017 Budget* outlook for 2016–17 to 2019–20. For 2009–10 to 2015–16, actual results are presented. The 2015–16 actuals have been restated to reflect recognizing jointly sponsored net pension assets for the Ontario Public Service Employees' Union Pension Plan and the Ontario Teachers' Pension Plan on the Province's financial statements, consistent with the *2016 Budget* and as described in the *2016–17 Third Quarter Finances*.

[2] Forecast for 2009–10 is based on the *2009 Ontario Economic Outlook and Fiscal Review,* 2010–11 to 2013–14 is based on the *2010 Budget*; 2014–15 is based on the *2014 Budget*; 2015–16 is based on the *2015 Budget;* 2016–17 is based on the *2016 Budget*.

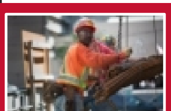
Source: Ontario Ministry of Finance.

Ontario's Economic Growth Outpacing G7

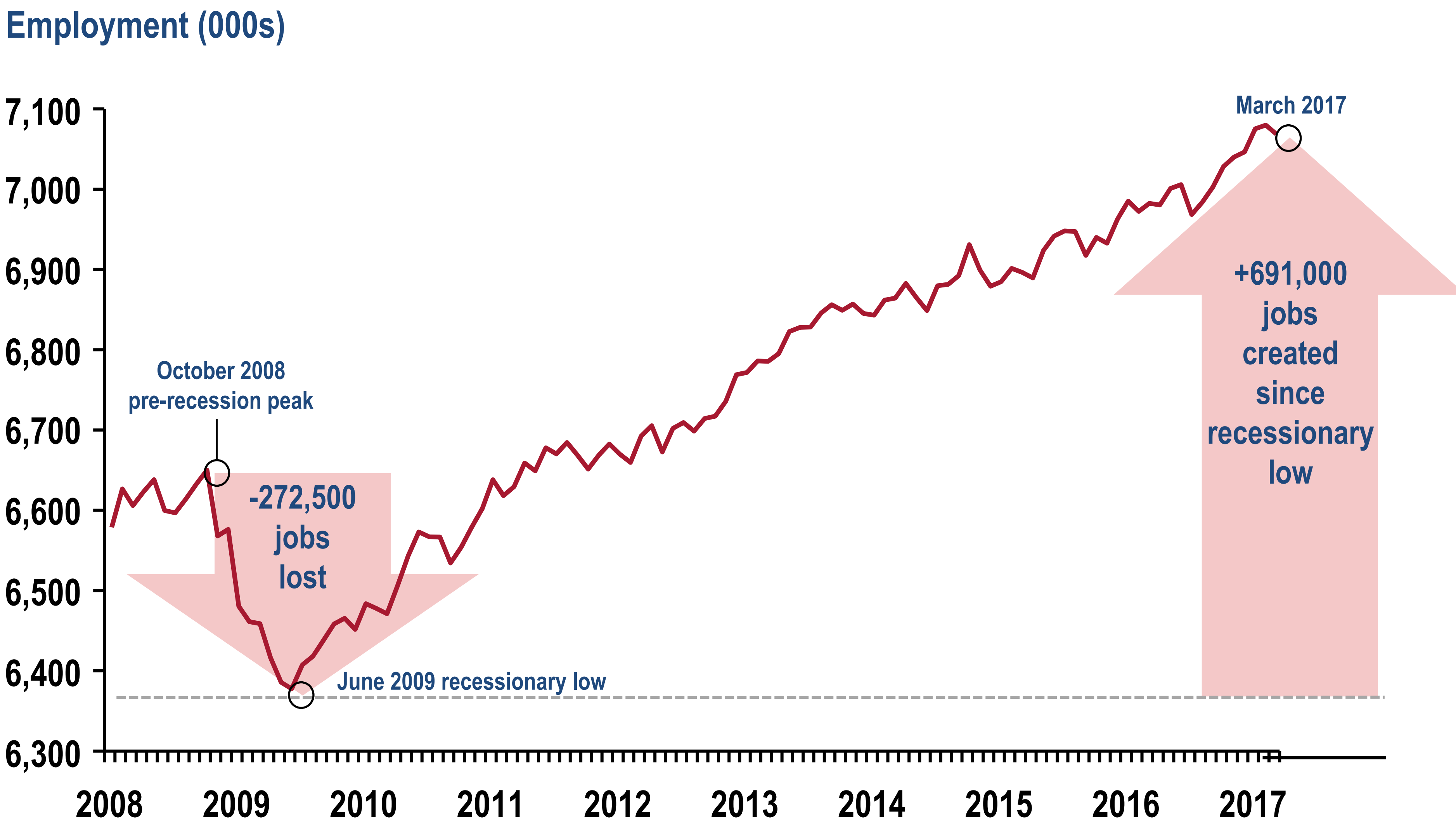
Real GDP Growth 2014–16, Average Annual Per Cent



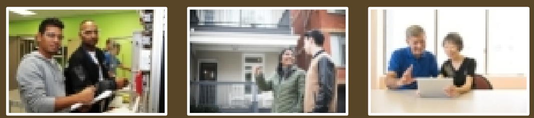
Sources: Organisation for Economic Co-operation and Development, Statistics Canada and Ontario Ministry of Finance.


Employment Gains since 2009

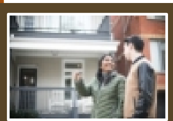
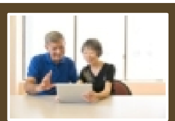


Sources: Statistics Canada and Ontario Ministry of Finance.



Ontario Economic Outlook

OVERVIEW OF 2017 BUDGET
KEY THEMES

2017 ONTARIO BUDGET – A STRONGER, HEALTHIER ONTARIO

Through our plan to balance the budget, support economic growth and invest in key public services, we will foster greater opportunity for more individuals and businesses; helping them get ahead and stay ahead. Ontario is committed to ensuring that everyone shares in the prosperity we are building together.

HELPING YOU AND YOUR FAMILY

With a growing economy and a balanced budget, the Ontario government is making investments in key services like health care and education that matter most to people, while at the same time lowering costs for necessities like electricity and child care.

CREATING OPPORTUNITIES AND SECURITY INVESTING IN PEOPLE AND JOBS

The Province is creating opportunities for people to find jobs and for business to grow and prosper in the new economy by developing a highly skilled workforce, investing in infrastructure, supporting business innovation and growth, and expanding exports.

PUBLIC SERVICES YOU CAN COUNT ON

STRENGTHENING HEALTH CARE

Universal access to public health care is part of the social fabric of Ontario that gives everyone a chance to succeed. Ontarians rely on high-quality, publicly funded health care to be there when and where they need it. The government is investing to reduce wait times, improve access to care and enhance the patient experience

INVESTING IN EDUCATION

Ontario's highly educated workforce is one of its greatest strengths. Ontario's world-class education system provides learners, young and old, with opportunities to access high-quality education and training programs, giving them the knowledge and skills they need for success in the modern economy.

BUILDING TRANSIT & TRANSPORTATION

To ensure Ontario remains a competitive and attractive place to live, work and invest, the Province will continue to build the next generation of transportation infrastructure. The government is working towards its goal of providing a world-class transit and transportation system that moves people and goods safely and efficiently to support a globally competitive economy and a high quality of life.

BUILDING INCLUSIVE COMMUNITIES & IMPROVING THE JUSTICE SYSTEM

All Ontarians should have the opportunity to realize their full potential and participate in society. Ontario's social services will be strengthened to help ensure that people have more stable and secure incomes, more affordable and adequate housing, and more support for adults with developmental disabilities. Ontario's justice system transformed to protect the interests of all people – victims, the public and the accused – while keeping communities safe.

RESTORING BALANCE: ONTARIO'S ECONOMIC AND FISCAL STRENGTH

The 2017 Budget plan delivers on the government's 2010 Budget commitment to restore balance in 2017-18. The Province is also projecting balanced budgets in both 2018-19 and 2019-20. A stronger economy, together with a balanced budget, is positioning Ontario for long-term fiscal sustainability.

Helping You and Your Family

New initiatives/expansions

- Launching **OHIP+: Children and Youth Pharmacare** in January 2018 providing universal drug coverage for all children and youth aged 24 and under, regardless of family income.
- Supporting access to **quality licensed child care for 100,000 more children, including 24,000 more in 2017-18** through new fee subsidy spaces and support for new spaces in schools.
- Introducing the **Ontario Seniors' Public Transit Tax Credit** that will make public transit more affordable.
- Providing support for an additional **40 new Elderly Persons Centres** by 2018-19 and extending the **Seniors Community Grant Program** with an additional $11M over three years.
- Launching **Ontario's Dementia Strategy** with an investment of more than $100M over three years.
- Increasing **long-term care funding by 2%** (an additional $58M) to improve residential care and increasing the **food allowance for long-term care homes by 6%** (an additional $15M) to provide healthier meals.
- **Helping those caring for loved ones** through access to respite care, training, and a new caregiver tax credit.
- Transforming the **Ontario Student Assistance Program (OSAP)** to make average postsecondary tuition free for more than 210,000 students, remove barriers for Indigenous students, and support graduates' transition to the workforce by raising the minimum salary needed to begin repayment.

Re-announced

- Continue implementing **Ontario's Fair Hydro Plan** which will lower electricity bills on average by 25% for eligible households. Approximately 500,000 eligible farm and small business customers would also benefit. Rate increases would be held to the rate of inflation for the next four years. And additional relief would be provided to low-income families and those living in rural and remote areas.

Helping You and Your Family (Cont'd)

New initiatives

- Budget 2017 launches a **Fair Housing Plan to increase affordability** for both buyers and renters through a package of initiatives, including:
  - Proposing a **15% non-resident speculation tax** that applies to the Greater Golden Horseshoe.
  - Gathering more information to **identify potential "paper flipping" arrangements to address speculation and tax avoidance**.
  - **Creating a standard rental lease**, strengthening protections for tenants and proposing an **expansion of rent control** to all private rental units.
  - Encouraging the development of purpose-built rental buildings, in partnership with municipalities, by **offering development charge rebates** for eligible new multi-residential projects, and ensuring property tax rates that apply to new multi-residential apartment developments are fair.
  - Providing municipalities with additional tools to **help address speculation and increase the supply of residential units** in local markets, such as:
    - Additional **property tax for Toronto and potentially other municipalities to be levied on vacant homes**.
    - The option to impose **higher tax on vacant land approved for new housing**.
  - Bringing in new measures to **reform land use planning** and **streamline the process of building new housing** in developments that align with the Province's Growth Plan and Greenbelt Plan.

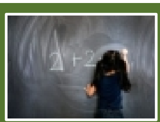
Creating Opportunities and Security

New initiatives/expansions

- Investing **more than $190B in public infrastructure over 13 years**, starting 2014-15.
- Expanding the **Business Growth Initiative to more than $650M over five years** to help scale-up small businesses, create jobs and invest in transformative technologies such as artificial intelligence, fifth generation (5G) telecommunications, quantum science, advanced computing and autonomous vehicles.
- As part of the Highly Skilled Workforce Strategy, the government is **investing nearly $190M over three years** to launch the **Career Kick-Start Strategy** to create 40,000 new opportunities for students and recent graduates to gain experience to help them make an effective transition into the working world.
- **Investing nearly $50M over three years to expand trade opportunities** in key international markets, help companies become exporters and assist already-exporting firms to reach new markets.

Re-announced

- Implementing the **Climate Change Action Plan** which guides investment of carbon allowance proceeds and outlines ways to reduce greenhouse gas emissions and create jobs in a low-carbon economy.
  - Planned investments of $1.8B in 2017-18 for initiatives that support reductions in GHGs such as making it easier for households and businesses to adopt low-carbon technologies, improving the energy efficiency of schools, building cycling infrastructure and installing electric vehicle charging infrastructure across the province.
  - As per legislation, all proceeds must be used for initiatives that are reasonably likely to reduce or support the reduction of GHGs.


Public Services You Can Count On – Health

New initiatives/expansions

- Investing **$11.5B more in health care over the next 3 years**, of which $7B is above what was projected in the 2016 Budget plan.

To improve **access to care**:

- Providing more than **$20B in capital grants to hospitals over the next ten years**, including a new commitment of approximately **$9B to support construction of new major hospital projects** across the province to address growing demand for services and put in place modern health facilities.
- Providing an additional **$518M in 2017-18 to hospitals – a 3% increase to the sector –** which will ensure all public hospitals receive **a minimum 2% base funding** increase for vital services, to expand access to complex clinical services, keep wait times low, maintain access to elective surgery and other programs.

To reduce **wait times**:

- Investing an **additional $1.3B** over the next three years, to reduce wait times for **key surgical procedures**, reduce the time it takes to see **specialized care providers**, enhance **home and community care programs,** and provide faster access to **mental health services**.

To enhance the **patient experience**:

- Expanding the **Northern Health Travel Grant Program** with a $10M enhancement.
- Investing $18M in new funding for **community programs** such as transportation supports and Meals on Wheels to help people live well in their homes.

Public Services You Can Count On – Education

New initiatives/expansions

- Building a strong education system through an **additional $6.4 billion investment over the next three years** to help students achieve success today and in the years to come.
- Providing nearly **$16B in capital grants over 10 years to help build new schools** in areas of high growth and improve the condition of existing schools.
  - As part of this investment, Ontario is providing an **additional $1.2B for school repairs and renewal** over the next two school years to ensure more students have access to safe and modern places to learn.
- Promoting student well-being with an additional $49M investment over three years to develop and strengthen programs to **improve students' cognitive, emotional, social and physical development**
- Investing about $200M over three years to support key initiatives that will **help more First Nation, Métis and Inuit learners access high-quality postsecondary education and training opportunities**.
- Piloting innovative learning opportunities for **financial literacy, digital literacy,** and **entrepreneurship**.

Re-announced

- Continuing to invest in Ontario's world-class public education system by **reducing class sizes** and **improving mathematics knowledge** and skills.
- Strengthening **supports for students with special needs** by keeping all provincial and demonstration schools open to those in need and piloting intensive reading intervention projects.
- **Enhancing autism supports** in schools to help children transition to, and continue in, full-time school.

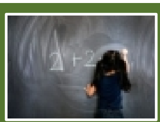
Building Transit and Transportation

Expansions

- Investing about **$84B over 10 years** in the transportation sector and **supporting 50,000 jobs** on average each year, including:
  - $56B in public transit for:
    - **Rapid transit projects** in Waterloo, Hamilton, Peel Region, Ottawa, Toronto and York Region.
    - Transforming the GO rail system through the **GO Regional Express Rail** (GO RER) initiative which will quadruple the number of weekly trips from about 1,500 to nearly 6,000 by 2024-25.
  - $26B in highways directed towards:
    - **Building or repairing** about **5,000 kilometres of highways** and more than **750 bridges** across the province by 2021-22.

Re-announced

- **Doubling the municipal share of the provincial gas tax**, which will provide municipalities with an estimated $642M by 2021-22 to invest in local transit priorities.
- On track to **dedicate $5.7B to the Trillium Trust** from the Province's multi-year asset optimization strategy, which includes broadening ownership of Hydro One, sale of General Motors shares and realizing value from provincial real estate assets.
  - Continue to **draw down the Trillium Trust** to help support priority infrastructure initiatives such as GO RER, light rail transit along the Hurontario corridor, and the Ontario Community Infrastructure Fund that supports critical projects in small, rural and northern communities.

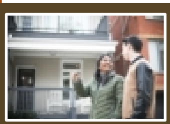
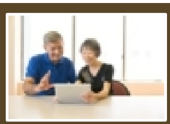

Inclusive Communities / Justice System

New initiatives/expansions

- Investing **$677M over four years in Ontario's developmental services system** and help keep people out of crisis and give more people the supports they need, including specialized residential and clinical services.
- Piloting the use of provincial land assets to build more affordable housing that will **leverage $70-100M in land to develop up to 2,000 new housing units, including 800 affordable units** at multiple sites in the GTHA.
- Investing more than **$480M over four years to improve social assistance benefits** by raising asset limits and increasing rates by 2% which will benefit more than 900,000 people across the province.
- Establishing the **Multicultural Community Capacity Grant** to help immigrants, refugees and ethnocultural communities advance towards full integration and participation in Ontario's society.
- Moving forward with the **Basic Income Pilot** in three locations – Hamilton, Lindsay and Thunder Bay – to test if a basic income would provide greater income security and opportunity and to examine outcomes.

Re-announced

- **Transforming Ontario's supportive housing system** to improve access to housing assistance, provide flexible housing support for survivors of domestic violence, and help preventhomelessness.
- Modernizing the *Police Services Act* and Ontario's court system to refocus responsibilities and streamline procedures.
- Undertaking broad **reform of Ontario's corrections system**, including reduced use of segregation, increased access to mental health services for those in custody, better supports for corrections staff, and modernizing justice facilities.

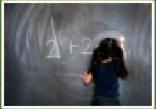
Working with Our Partners

Ontario will continue building constructive partnerships with the federal government, other provinces and territories, municipalities and Indigenous communities, embracing a collaborative approach to address the increasingly complex challenges facing governments in Canada.

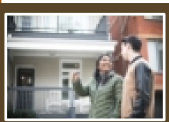
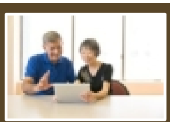
- **Federal partner:** The Province's vision for an effective, efficient and equitable system of fiscal federalism in Canada emphasizes strong partnerships in key areas such as health care, infrastructure and labour market.
- **Municipal partners:** Continuing to provide increased annual support to municipalities, which will grow to approximately $4.2B by 2018, focusing on investments to revitalize municipal infrastructure, including transit expansion supported by a doubled municipal share of the gas tax revenue.
- **Indigenous partners:** Continuing to advance a range of initiatives related to the Truth and Reconciliation Commission's calls to action; prevention of violence against Indigenous women, working together towards community-based regulation of gasoline and tobacco.



FISCAL PLAN, REVENUE AND TAX

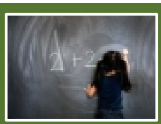




Medium-Term Fiscal Plan

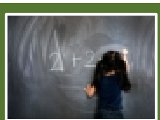
Summary of Medium-Term Revenue Outlook

- Taxation revenue growth largely driven by outlook for economic growth. Forecasted average pace of taxation revenue growth (5.1%) is stronger than nominal GDP growth (4.2%) based on the experience of the past two years during which average taxation revenue growth was significantly faster (7.4%) than nominal GDP (4.7%).
- Government of Canada transfers reflects existing agreements and funding formulas. Increases projected in healthcare and social transfers are largely offset by lower Equalization and time-limited infrastructure funding.
- Government Business Enterprise reflect projections for higher net income from OLG, LCBO and OPG.
- Other Non-Tax Revenues are fairly stable except for a sharp increase in 2017-18 due to rising projected returns from asset optimization (sales & rentals) and new carbon allowance proceeds.

A Fair and Sustainable Tax System

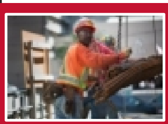
- In addition to tax measures related to housing affordability, the government is proposing a number of measures to improve efficiency, address tax avoidance and support other priorities, including:
  - Paralleling measures in the 2017 federal budget related to claiming **tax relief for eligible fertility treatment costs**, and replacing existing credits with **a new Ontario Caregiver Tax Credit**.
  - A new **Ontario Seniors' Public Transit Tax Credit** to lower transit costs for Ontarians aged 65 or older.
  - Granting **municipalities the authority to levy a hotel tax**.
  - Proposing a new category to **support renewable fuels**, such as biodiesel.
  - Technical measures to **ensure consistency of tax treatment** for Ontario residents who pay tax to another province and non-residents of Ontario who pay tax to Ontario (i.e., "multijurisdictional tax filers").
  - **Targeting tax avoidance** by devoting additional resources to identify and address tax loopholes, working closely with the federal government to eliminate unfair tax advantages.
  - **Increasing tobacco tax rates** over three years to further deter smoking.
  - **Strengthening Ontario's property tax and assessment system** through measures such as:
    - Strengthening governance of the Municipal Property Assessment Corporation (MPAC).
    - Encouraging eligible small-scale agri-food businesses on farms through reduced property tax rates.


EXPENSE OUTLOOK AND RESPONSIBLE FISCAL MANAGEMENT

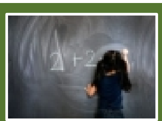


Summary of Medium-Term Expense Outlook


Transforming Government

- Through Program Review, Renewal and Transformation (PRRT), the government is supporting **evidence-based decision-making** and **identifying major transformational initiatives** focused on finding savings, modernizing services and improving outcomes.
  - To further evidence-based decision-making, Ontario's Behavioural Insights Unit will continue to focus on initiatives that use behavioural science insights to improve outcomes and accelerate innovative program delivery.
    - The government is identifying opportunities to test new approaches and scaling up approaches **where evidence shows outcomes are improved and the service experience of users is enhanced.**
  - In support of transformation initiatives across government, Ontario's review of current programs will be expanded to identify opportunities for modernization and to **ensure expense growth is managed within the plan** laid out in the 2017 Budget.
    - **Key priorities of the Province's focus on government modernization** include using evidence-based approaches to improve outcomes, harnessing innovative business practices and service delivery models, and maximizing the use of digital channels and solutions.
    - After establishing the new Ontario Digital Service and recruiting a Chief Digital Officer, the Province is moving forward with **redesigning online services** to make them simpler, faster and better for Ontarians.



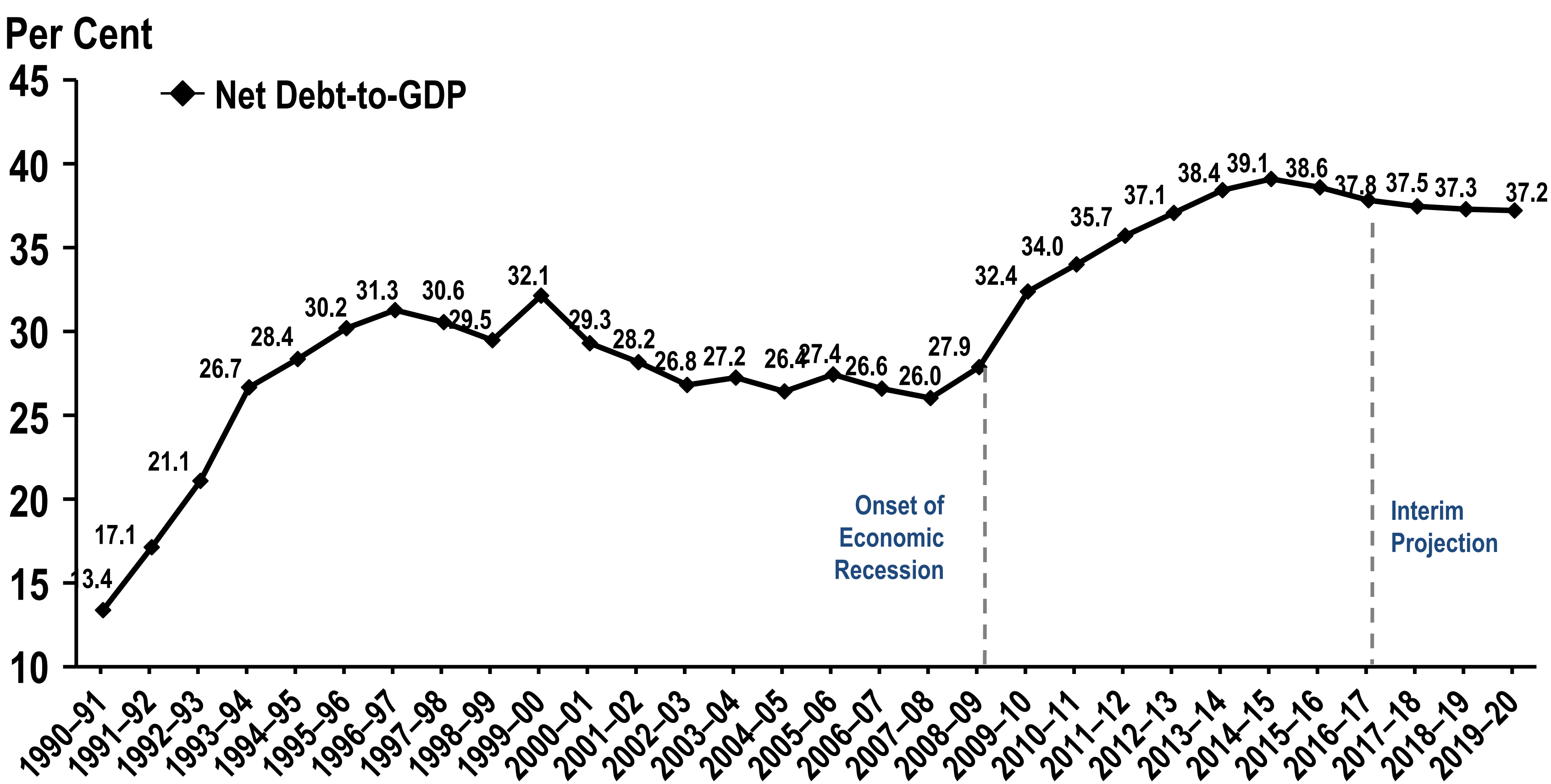
Transforming Government (cont'd)

Government Transparency, Financial Management and Fiscal Accountability

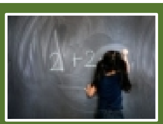
- The Province's 2016-17 financial results will report the net pension assets for jointly sponsored pension plans, in accordance with Public Sector Accounting Standards and consistent with the findings of Pension Asset Expert Advisory Panel.
- Starting with the 2016-17 Public Accounts, Ontario's Statement of Operations will reflect the revenues and expenses of hospitals, school boards and colleges on a line-by-line basis.
- Budget 2017 includes reporting on the first investments to be tracked through a Designated Purpose Account (e.g., Trillium Trust starting in 2016-17 and Greenhouse Gas Reduction Account).
  - A new accountability framework will report on progress of designated-purpose spending commitments based on identified revenue streams.



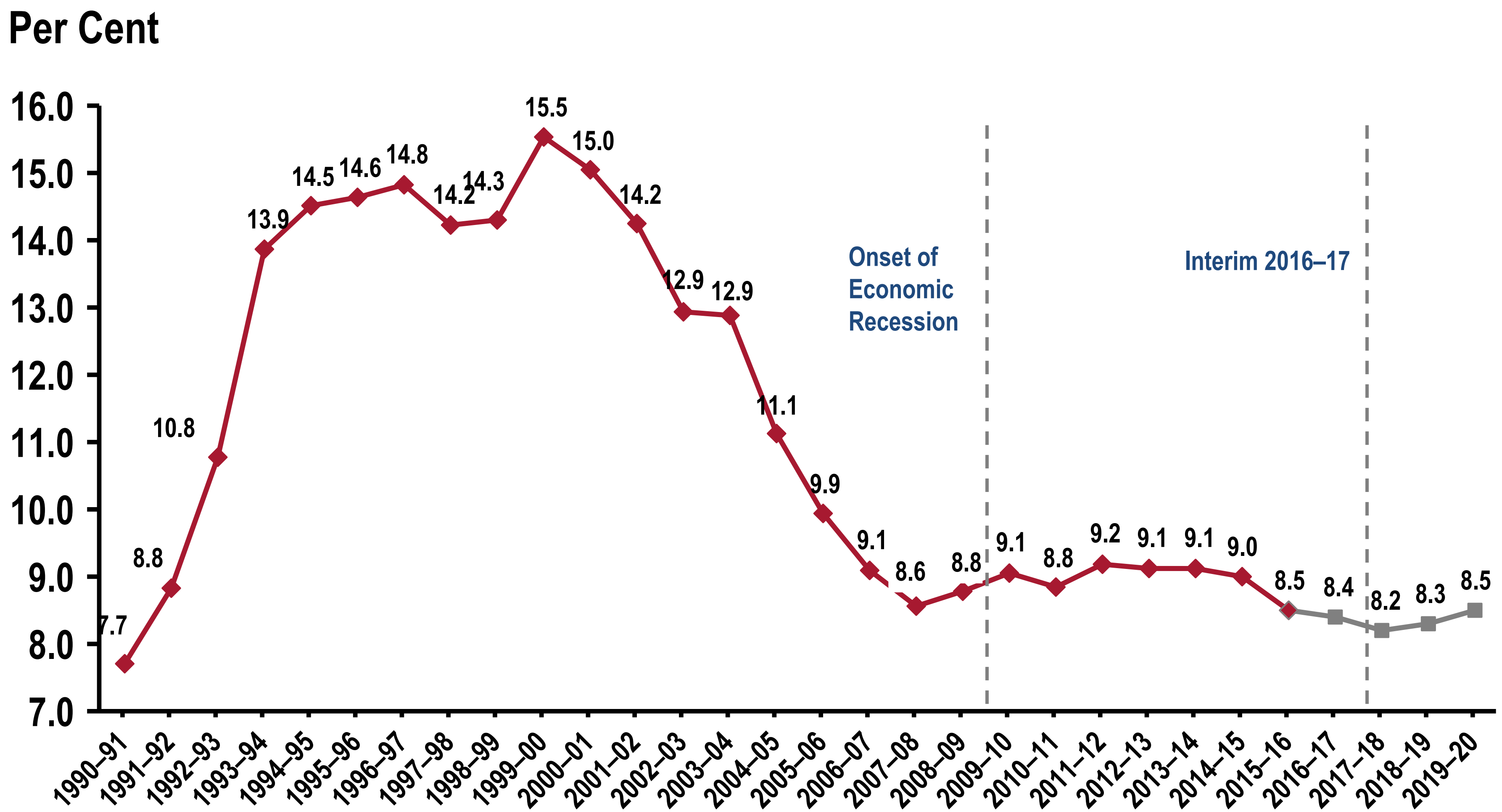
Net Debt-to-GDP



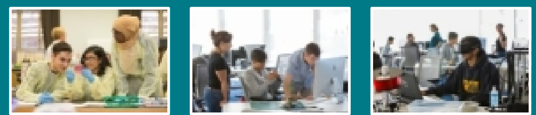
Notes: Net Debt was restated to include Broader Public Sector Net Debt starting in 2005–06.
The 2015–16 actuals have been restated to reflect recognizing jointly sponsored net pension assets for the Ontario Public Service Employees' Union and the Ontario Teachers' Pension Plan on the province's financial statements, consistent with the *2016 Budget* and as described in the *2016—17 Third Quarter Finances*.
Source: Ontario Ministry of Finance.



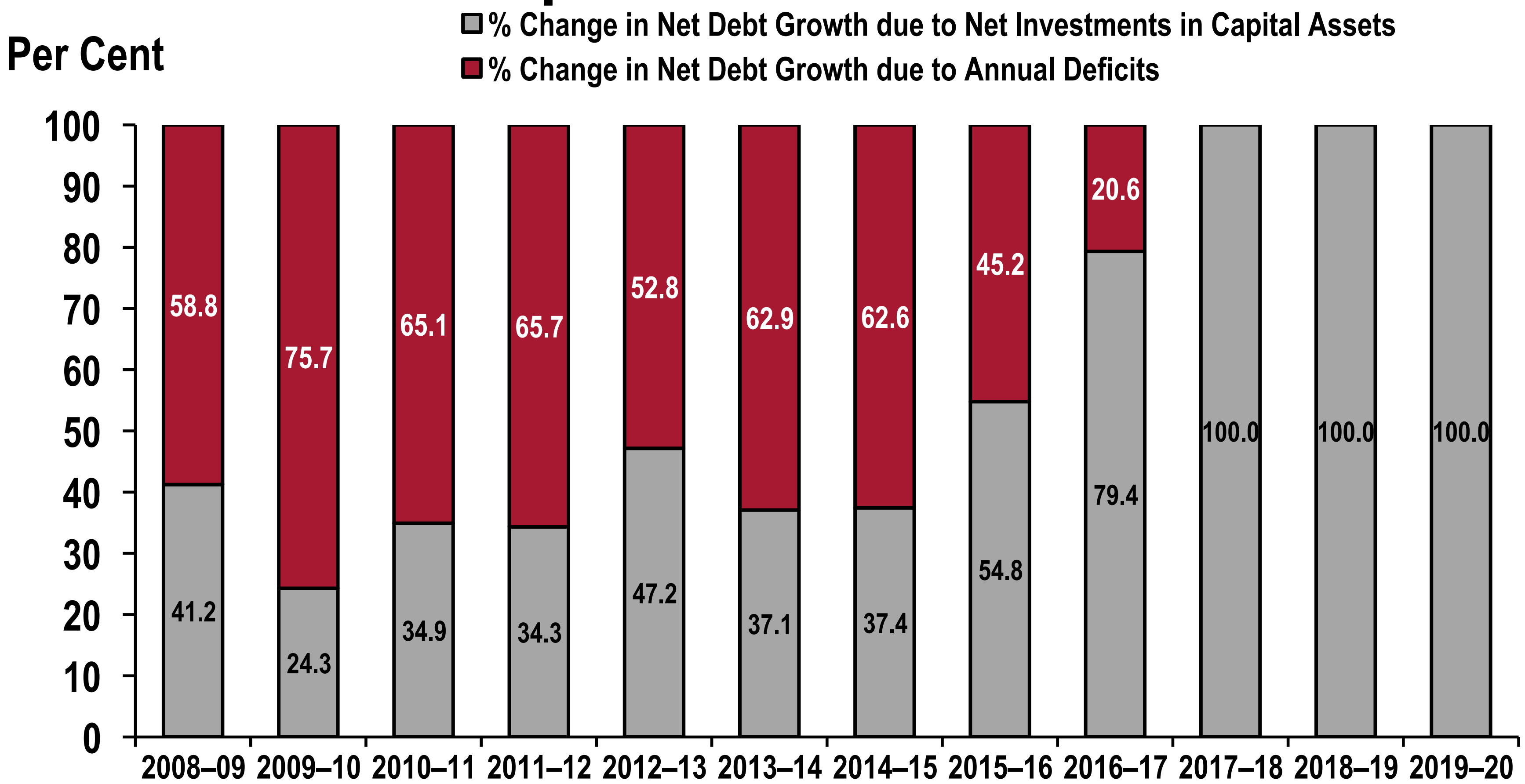
Interest on Debt-to-Revenue Ratio



Source: Ontario Financing Authority.



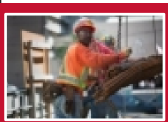
Net Debt Growth after Balance Is Due Only to Investments in Capital Assets



Notes: The 2015–16 actuals have been restated to reflect recognizing jointly sponsored net pension assets for the Ontario Public Service Employees' Union and the Ontario Teachers' Pension Plan on the Province's financial statements, consistent with the *2016 Budget* and as described in the *2016—17 Third Quarter Finances*.

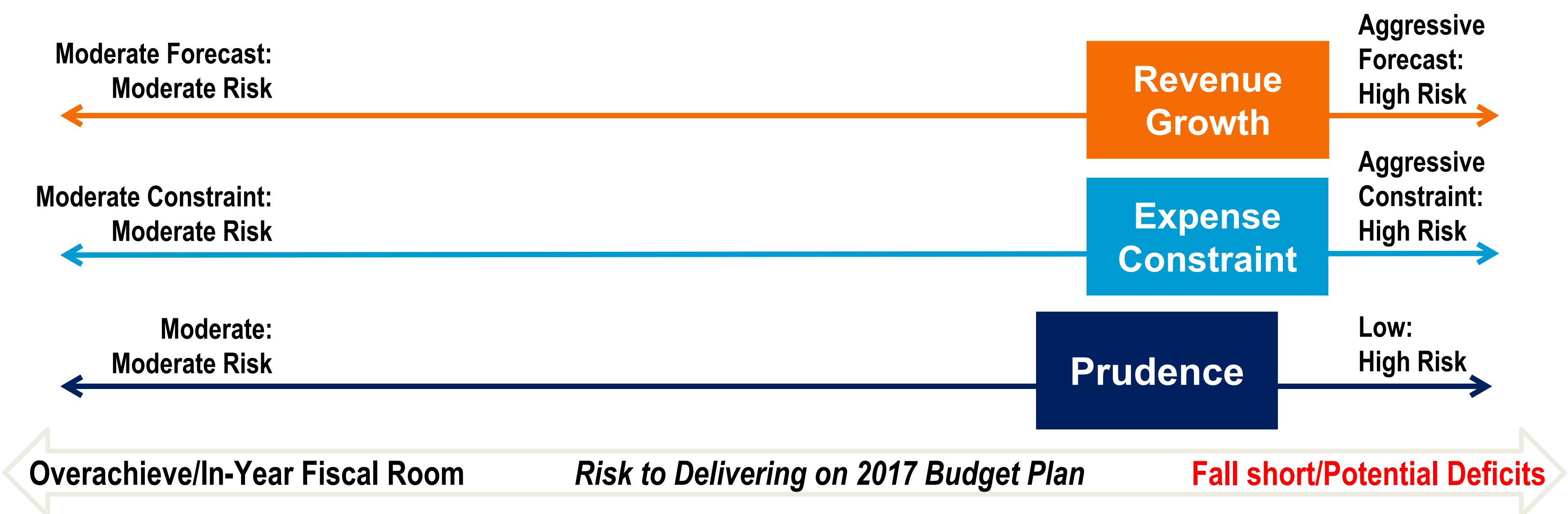
Source: Ontario Financing Authority.

KEY RISKS TO THE FISCAL PLAN AND POST-BUDGET IMPLEMENTATION STRATEGY



Underlying Fiscal Architecture

- While the 2017 Budget fiscal plan delivers on a published balanced budget, the underlying fiscal architecture and assumptions are strained – making the plan vulnerable to critique and risk.
  - **The government will be scrutinized/questioned** on the reasonableness of revenue assumptions and robustness of expenditure management plans.
  - **This risk is heightened in areas where potential impacts can be predicted**, but are not being reflected.
- It is also important to note that this fiscal architecture mix **runs the risk of not being able to adjust to adverse events post-Budget**– providing limited room for error, reduced flexibility for unforeseen (or known downside risks) and potential further investments.
- A robust **post-Budget implementation plan and in-year expenditure management strategy** will be required.



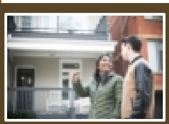
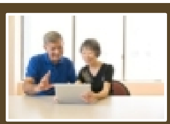
Key 2017 Budget Revenue Risks and Post-Budget Strategy

Revenue Risks

- The forecast assumes revenue growth continues at a stronger pace than would normally be forecast given the economic outlook.
- The revenue forecast removes prudence from the nominal GDP forecast, assumes a modest slowing of the housing market, a successful and aggressive revenue integrity strategy and zero PIT tax planning.

Addressing the Underground Economy and Unregulated Tobacco

- Continuing to support revenue integrity by:
  - Using enhanced data analytics to address high-risk areas for underground economic activity
  - Piloting a program to identify businesses using electronic sales suppression technology; and
  - Launching a campaign to inform the public of the risks and liabilities of the underground economy.
- Reducing the prevalence of unregulated tobacco by proposing amendments to the *Tobacco Tax Act* to enable forfeiture of items used to engage in tobacco offences, introduce new offence provisions, and increase fines and penalties.

Key 2017 Budget Revenue Risks and Post-Budget Strategy (cont'd)

Achieving Revenue Integrity Targets

- Undertake a thorough policy and legislative review of all taxes, including those shared with the federal government, to eliminate loopholes.
- Strengthen administration of existing laws, through public education and increased enforcement, enhanced partnerships with the Canada Revenue Agency and strengthening Ontario's ability to address underground economic activity through information sharing legislation.

Federal Engagement Strategy

- While Ontario and the federal government have signed agreements in a number of areas, there may be additional opportunities to maximize new federal funding, minimize the negative impact of conditions on new programs, and leverage federal investment to support provincially-planned programs.
  - For example, on Indigenous files, climate change funding, infrastructure, innovation agenda, equalization program and early learning and childcare.



Key 2017 Budget Expense Risks and Post-Budget Strategy

Expense Risks

- While almost all ministries were provided with additional funding through preliminary allocations, PRRT approvals and new investments, there are many areas where pressures and risks were left unfunded.
  - Key areas include potential OMA agreement, other collective bargaining, social assistance caseload risks, pressures in corrections, contaminated sites, land claims settlements and resource revenue sharing.
- Federal infrastructure funding may create pressure for provincial cost matching that has not been included in the plan.
- Forecast includes aggressive assumptions related to interest on debt savings that may be difficult to achieve.

Achieving Program Review and Year-End Savings Targets

- A robust in-year expenditure strategy to meet year-end savings targets.
- A systematic and strategic program review, focussed on ministry programs/spending, to meet targets, improve sustainability and enhance value-for-money.
- Separate from the program review, initiate a stream of outcome-focused and user-centered horizontal program transformation that capitalizes on opportunities for innovation.



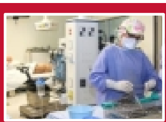
Reduced Prudence

$ Millions	2017-18	2018-19	2019-20
Contingency Fund: 2016 Budget	**1,716**	**3,499**	**3,870**
Contingency Fund: 2017 Document	**615**	**682**	**1,768**
While 2016 Budget Contingency Fund included significant amounts “set aside” for compensation, Moving Ontario Forward (outside the GTHA) and other pending investments, the 2017 Document amounts may not be sufficient to fund remaining set asides as well as risks and upcoming collective agreements.			
Reserve: 2016 Budget	**1,100**	**1,200**	**n/a**
Reserve: 2017 Document (i.e. Surplus)	**600**	**600**	**900**
Reserve is at the lowest levels it has been in more than a decade.			
Total Savings Targets: 2016 Budget	**(1,000)**	**(1,025)**	**(1,075)**
Total Savings Targets: 2017 Document	**(1,200)**	**(1,975)**	**(1,825)**
Includes Year-End Savings and Program Review Targets.			

*Figures highlighted in red are publicly available numbers.

- During the period of deficit reduction, prudence was used to help overachieve on fiscal targets and help manage against lower than forecast revenue, or expense risks that could not be mitigated.
- Prudence has been reduced in almost every area of the fiscal plan – higher savings to be achieved (‘negative prudence’) and lower Contingency Funds and Reserves.
- However, the reserve now reflects the underlying surplus embedded in the fiscal plan, and thereby represents fiscal room against a balanced budget target.

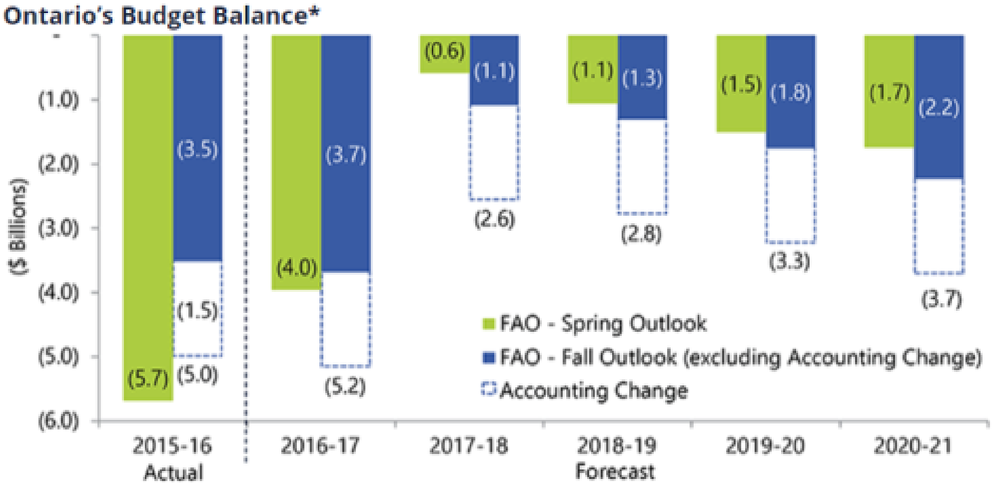




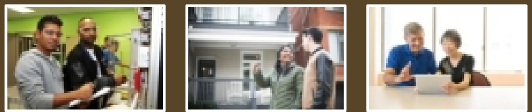
Anticipated Stakeholder Reaction

- It is expected that the FAO will release a revised Economic and Fiscal Outlook for Ontario with projections over the medium-term.
- The fall FAO outlook stated that without additional measures to raise revenues or reduce expense, they expect Ontario to remain in deficit until 2020-21 and beyond.
- The FAO will have greater access to information used to inform the 2017 Budget outlook and will closely scrutinize economic and revenue assumptions, including use of Cap and Trade proceeds to improve the Province's fiscal position.
- The Auditor General is not expected to support the government's position on Pension Asset accounting treatment and may criticize the government.

Financial Accountability Office Analysis



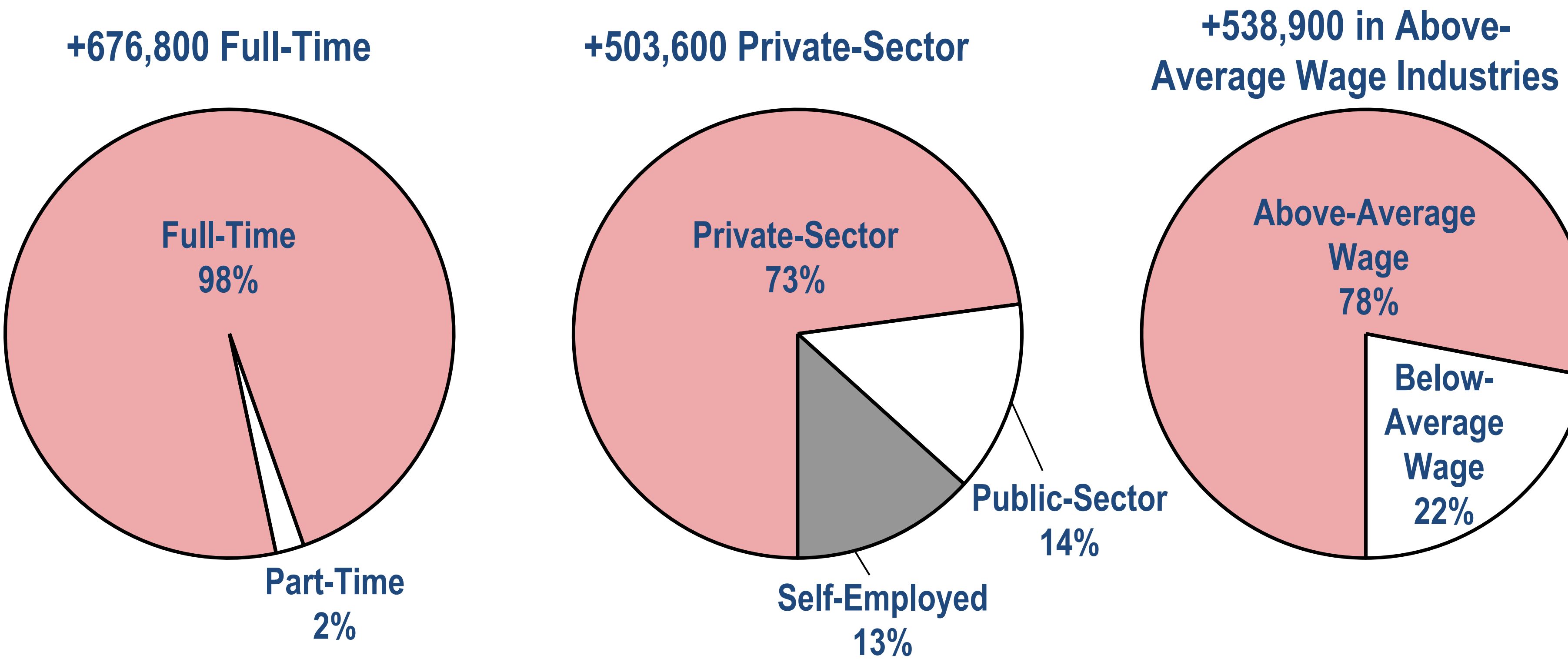
- Investors in Ontario's bonds, investment banks, and credit rating agencies will be pleased to see the plan for ongoing balanced budgets, but will also asses the credibility of the plan in light of reduced prudence in revenue and expense, as well as external factors, including trade protectionist policies in the U.S., and the potential impact of rising interest rates on the $190 billion capital plan.
- Recent advice from private sector economists has been to increase prudence in the fiscal plan, due to current heightened uncertainty; stakeholders may criticize the reduced prudence in the plan.



APPENDIX

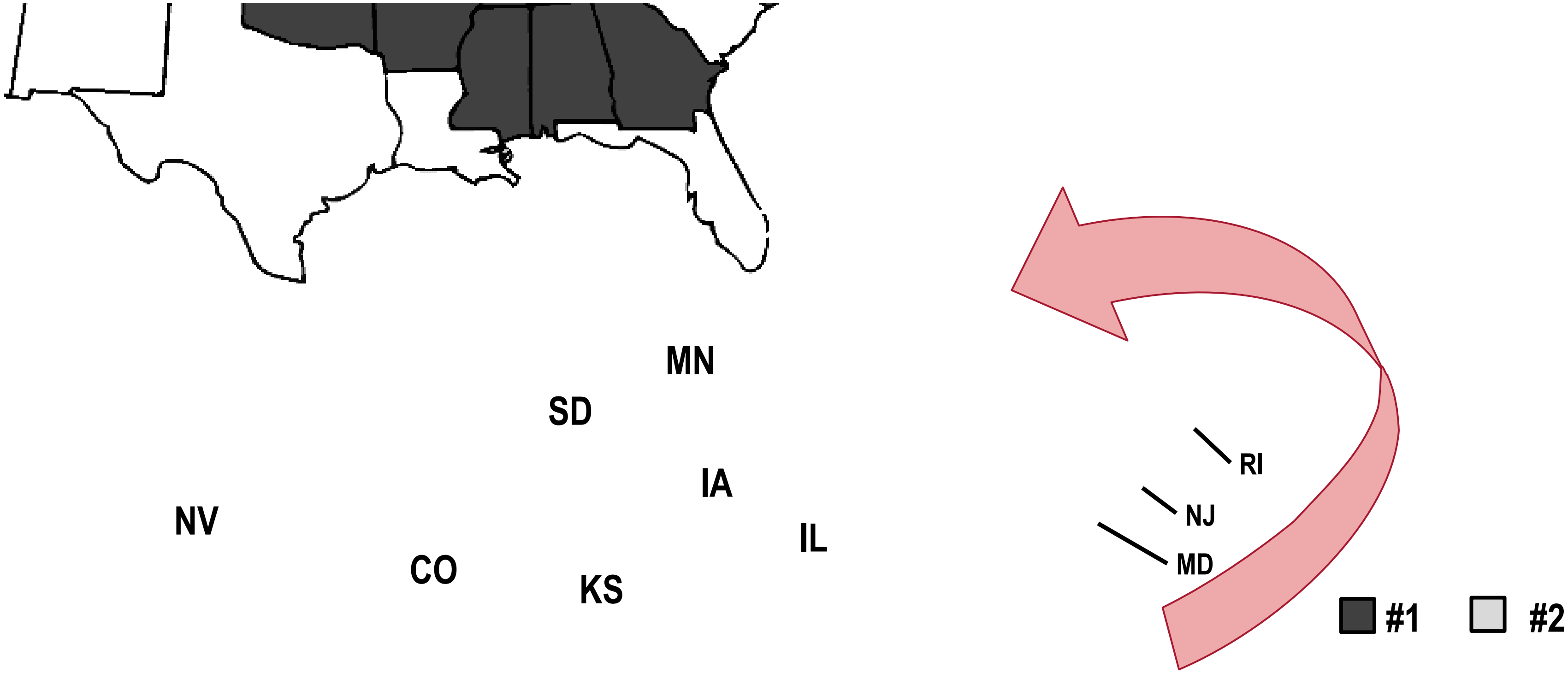
Employment Gains Concentrated in Full-Time and Private-Sector Positions

Composition of Job Gains



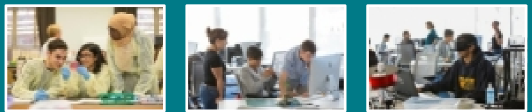
Note: Above-average wage industries are defined as those with earnings above the average hourly earnings of all industries in 2016.
Sources: Statistics Canada and Ontario Ministry of Finance.

Ontario is a Key Export Market for the United States

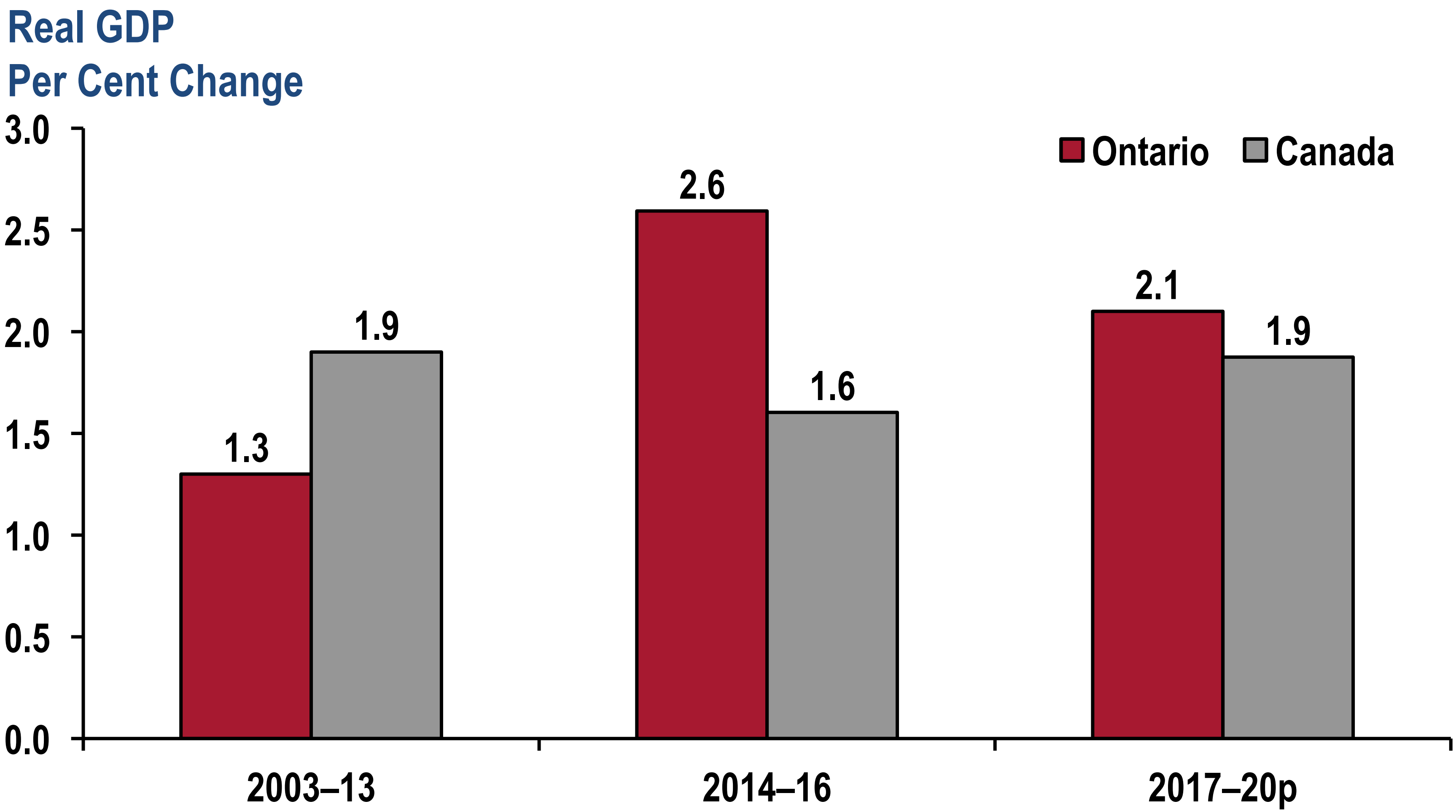


In 2016, Ontario was the #1 export market for 20 U.S. states and the #2 export market for 8 U.S. states

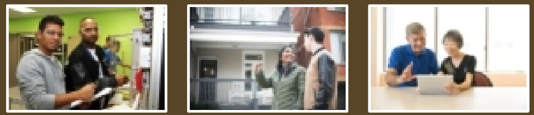
Notes: Based on merchandise exports.
Markets include all countries (excluding Canada) and Canadian provinces/territories.
Sources: United States Census Bureau, Statistics Canada and Ontario Ministry of Finance.



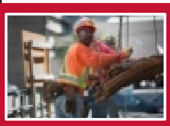
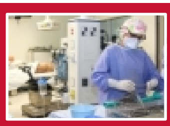
Ontario's Growth Continues to Outpace Canada



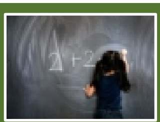
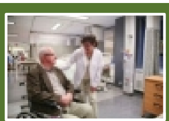
p = Private sector average.
Sources: Statistics Canada, Ontario Ministry of Finance and Ontario Ministry of Finance Survey of Forecasters.



Summary of Revenue Changes since *2016 Budget*

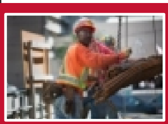




Summary of Expense Changes since *2016 Budget*

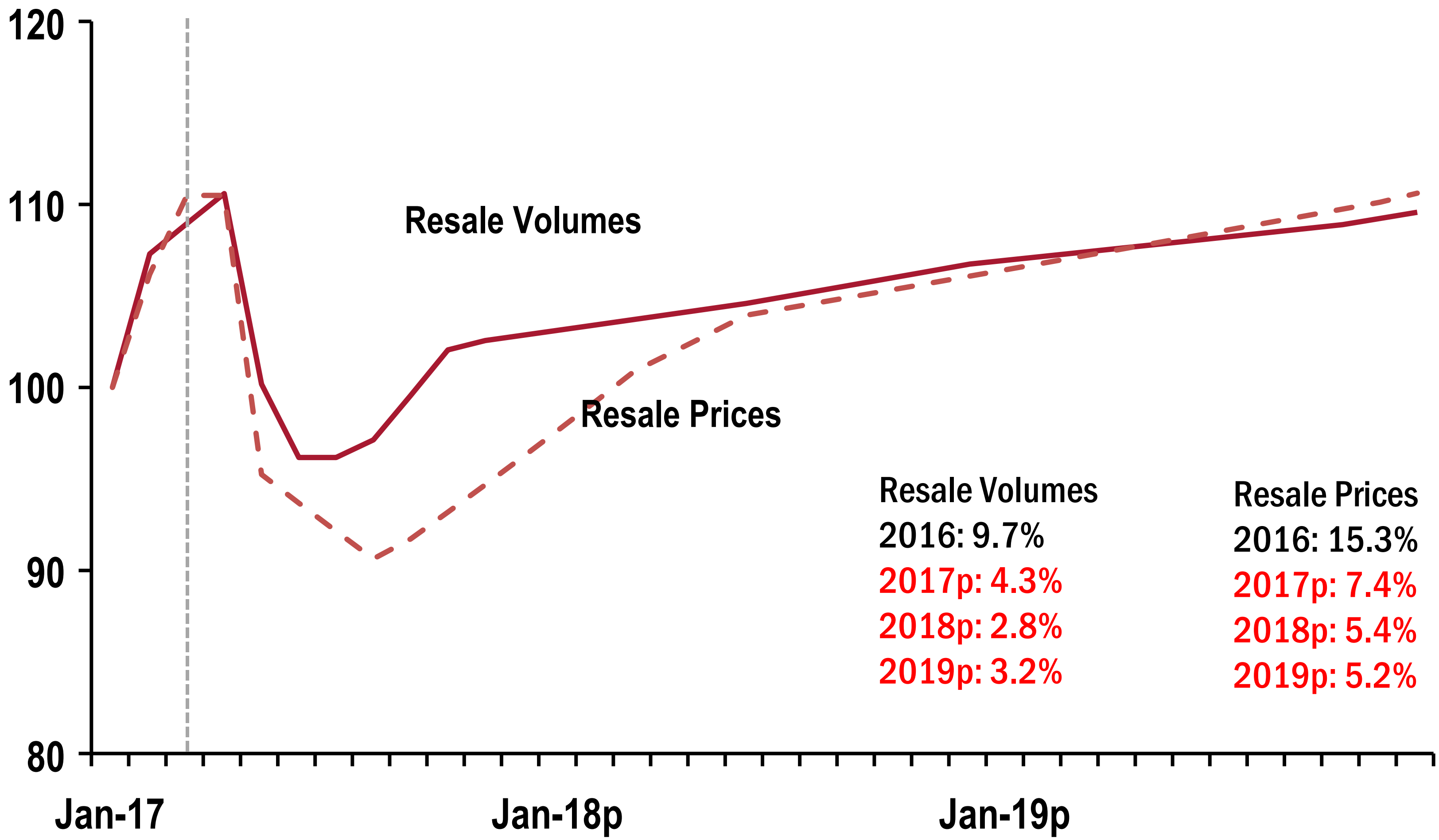
Tax Measures

Change in Medium-Term Fiscal Outlook

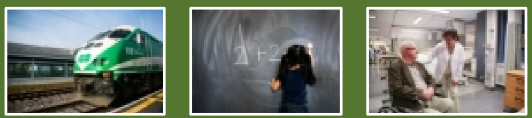


Housing Expected to Stabilize

Index Jan 2017 = 100



Sources: Canadian Real Estate Association and Ontario Ministry of Finance.



Significant Infrastructure Investments

2014–15 | 13-Year Plan — More than $190 Billion | 2026–27

$11 Billion | $11 Billion | $12 Billion | Current 10-Year Plan — About $156 Billion | 2026–27

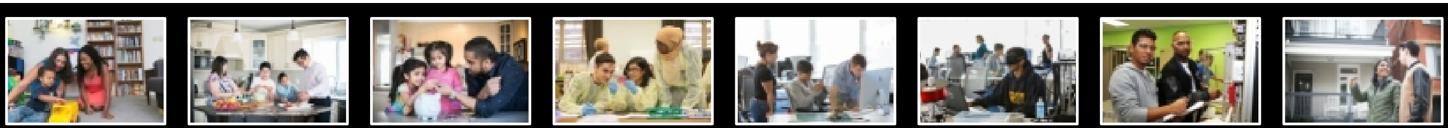
2014–15 | 2015–16 | 2016–17 (interim)

The Province's updated commitment to make significant infrastructure investments of about $156 billion over the next 10 years includes:

- $56 billion in public transit;
- $26 billion in highways;
- More than $20 billion in capital grants to hospitals; and
- Almost $16 billion in capital grants to build new and improve the condition of existing schools.

Note: Figures exclude third-party investments in hospitals, colleges and schools.

Ontario



www.ontario.ca/budget