

Preliminary 2017 Document Scenario						Balance Scenario												
Includes new investments, additional prudence, and targeted revenue Tools						Builds in revenue and expense tools to achieve balance												
				Avg. Ann Growth 2016-17 to 2019-20	Avg. Ann Growth 2017-18 to 2019-20					Avg. Ann Growth 2016-17 to 2019-20	Avg. Ann Growth 2017-18 to 2019-20							
\$ Millions	2017-18	2018-19	2019-20			\$ Millions	2017-18	2018-19	2019-20									
Current Revenue						Revenue Outlook												
Taxation Revenue	99,434	104,539	109,343	4.7%	4.9%	Current Revenue	140,341	142,786	147,844	3.5%	2.6%							
Incl. Low-End Targeted Tax Changes	409	736	979			Revenue Tools	977	2,407	1,919									
All Other Revenue	40,907	38,247	38,501	0.2%	-3.0%	Total Revised Revenue Outlook	141,318	145,193	149,763	3.9%	2.9%							
Total Current Revenue	140,341	142,786	147,844	3.5%	2.6%	Current Program Spending Outlook	129,931	134,177	137,407	3.7%	2.8%							
Incl. High Yield Assumptions	1,326	1,823	2,231			Expense Tools	(877)	(1,873)	(928)									
Program Spending						Total Revised Program Spending	129,054	132,304	136,480	3.5%	2.8%							
Approved In Principle Outlook	128,387	132,595	135,432	3.2%	2.7%	Current Interest on Debt	11,564	12,089	12,283									
Incl. Current C-Funds	156	1,115	1,823			Includes IOD Changes to Balance	(25)	-	-									
Incl. Current Year-end Savings	(1,200)	(1,225)	(1,075)			Total Expense	140,618	144,393	148,763	3.4%	2.9%							
Rebuild C-Funds to \$600M	444	-	-			Current Reserve	700	800	1,000									
Managed Scalable Priority Initiatives	815	1,363	1,684			Total Expense with Reserve	141,318	145,193	149,763	3.5%	2.9%							
Document Initiatives Envelope	200	200	200			Planning Surplus/(Deficit)	0	0	0									
Must-Do PRRT Deferrals	85	19	91			Tools to Achieve Balance						2017-18	2018-19	2019-20				
Total Program Spending	129,931	134,177	137,407	3.7%	2.8%	Revenue tools to Balance												
Current Interest on Debt	11,589	12,089	12,283			Hold Equalization at 2017-18 level (\$1.4B)						-	733	-				
Total Expense	141,520	146,266	149,690	3.6%	2.8%	Exclude IFRS Acct'g Impact for OPG/H1						-	525	675				
Current Reserve	700	800	1,000			Asset Optimization – Additional \$1/share						130	-	-				
Total Expense with Reserve	142,220	147,066	150,690	3.7%	2.9%	Revenue Integrity Targets (Includes GBE)						100	200	300				
Planning Surplus/(Deficit)	(1,879)	(4,280)	(2,847)			Remove Nominal GDP Prudence						100	200	300				
Current Revenue Assumptions						2017-18	2018-19	2019-20	PIT: Zero Tax Planning						100	106	113	
Targeted Tax Changes									CIT: Higher Yield Beginning in 2016						96	102	106	
Tobacco Tax: Increase to \$40/carton by 2019-20							40	135	215	HST: Higher Ontario 2016 Share						188	196	201
Beer Tax: Additional 50 cents per 24-case							14	41	59	HST: Stronger Housing Market						263	345	224
Increases to the Insurance Premium Tax							270	380	395	Total Revenue tools to Balance						977	2,407	1,919
Increase Planned Education Property Tax							85	180	310	Program Expense tools to Balance								
High Income PIT Option						0 to 610	0 to 630	0 to 630	Approved in Principle Levers						(501)	(308)	(252)	
Total Current Revenue Assumptions						409 to 1,019	736 to 1,366	979 to 1,609	Taking Down Scalable Levers						(96)	(100)	(107)	
High-Yield and Other Key Revenue Assumptions						2017-18	2018-19	2019-20	Further Scalable Levers						(30)	(280)	(455)	
PIT: Balanced Tax Planning Risk							250	250	250	Contingency and Prudence Levers								
CIT: Higher Yield Beginning in 2017							285	527	713	Program Review Targets						-	(500)	-
LTT: Stronger Housing Resale Market							544	787	995	Further Program Review Targets						-	(500)	-
HST: Ontario Economic Outlook							247	259	273	Program Implementation Review						(250)	250	-
Total High Yield Revenue Assumptions						1,326	1,823	2,231	Adjust Contingency Funds						-	(135)	187	
Other Key Revenue Assumptions									Cap and Trade/GGRA Adjustment						-	(300)	(300)	
Updated Asset Optimization Impact							155	-	-	Contingency and Prudence Levers						(250)	(1,185)	(114)
Take CHT Target Funding Offer							(104)	96	424	Total Program Expense tools to Balance						(877)	(1,873)	(928)
Reverse Federal Infrastructure Funding							(500)	(1,000)	-	Interest on Debt Adjustment to Balance						(25)	-	-
IFRS Accounting for OPG/HOL							(425)	(525)	(675)	Total Tools to Achieve Balance						1,879	4,280	2,847

Potential Risks of Revenue and Expense Tools used to Achieve Balance	
	Risks of Revenue Tools
	• Aggressive revenue forecasts may be challenging to maintain/defend, and could be subject to criticism by external stakeholders (e.g., FAO, Credit rating agencies, private sector economists, etc).
	• Overall uncertainty in the economic outlook, particularly around the housing market, United States, and the broader global outlook, could impact the revenue outlook.
	• Recent advice from economists to the Minister recommended increasing prudence, due to current heightened uncertainty.
	• Assumptions on revenues associated with strong activity in the housing market may be overly aggressive, and not align with the government's narrative and potential measures to increase housing affordability
	• Approach to PIT contains extra risk related to potential tax planning that occurred in 2015 -- could result in significant downside revenue in 2016-17 Public Accounts and over the forecast period as well.
	Risks of Expense Tools
	• Reducing allocations increases risks to be managed, combined with lower prudence in 2018-19 as a result of a new \$1 billion savings targets in addition to existing savings targets, and reduced contingency funds.
	• Funding additional in-plan initiatives with cap-and trade proceeds may hamper the ability to achieve on greenhouse gas reduction targets and result in scrutiny from stakeholders (e.g., the FAO)
	• Reduced flexibility in the plan means that any in-year decisions (e.g., OMA agreement, other collective bargaining, etc) will either require higher revenue or potentially be funded by deficits.

Tools			
Potential revenue and expense tools to achieve balance			
Potential Revenue Tools/Assumptions	2017-18	2018-19	2019-20
Potential Additional High Yield NTR			
Federal Infrastructure Assumption	–	500	500
Hold Equalization at 2017-18 level (\$1.4B)	–	733	733
Exclude IFRS Acct'g Impact for OPG/H1	–	525	675
Asset Optimization – Additional \$1/share	130	–	–
Revenue Integrity Targets (Includes GBE)	100	200	300
Total Potential Additional High Yield NTR	230	1,958	2,208
Remove Nominal GDP Prudence	100	200	300
Potential Additional High Yield Tax			
PIT: Zero Tax Planning	100	106	113
CIT: Higher Yield Beginning in 2016	96	102	106
HST: Higher Ontario 2016 Share	188	196	201
HST: Stronger Housing Market	263	345	224
Total Potential Additional High Yield Tax	647	749	644
Remaining High Income PIT Option	0 to 610	0 to 630	0 to 630
Total Potential Revenue Tools	977 to 1,587	2,907 to 3,537	3,152 to 3,782
Potential Expense Tools	2017-18	2018-19	2019-20
Approved-in-Principle Levers			
Energy – Affordability Fund	(50)	(50)	–
Energy – Price Mitigation Programs	(100)	–	–
Cap and Trade/GGRA Adjustment	(100)	–	–
Other Approved-in-Principle Levers	(251)	(258)	(252)
Total Approved in Principle Levers	(501)	(308)	(252)
Taking Down Scalable Levers	(96)	(100)	(107)
Further Scalable Levers	(30)	(280)	(455)
Contingency and Prudence Levers			
Program Review Targets	–	(500)	(500)
Further Program Review Targets	(100)	(500)	(1,000)
Program Implementation Review	(250)	250	–
Adjust Contingency Funds	–	(208)	(558)
Cap and Trade/GGRA Adjustments	–	(300)	(300)
HOOPP and CAATPP Governance	–	(765)	(914)
Total Contingency and Prudence Levers	(350)	(2,023)	(3,272)
Additional Interest on Debt Savings	(50)	(50)	(100)
Total Potential Expense Tools	(1,027)	(2,761)	(4,186)
Reduce Reserve	TBD	TBD	TBD
TOTAL POTENTIAL TOOLS	2,004 to 2,614	5,668 to 6,298	7,338 to 7,968
Fiscal Gap from Scenario	(1,879)	(4,280)	(2,847)

 Amounts shaded reflect tools included in the Balance Scenario