<u>Context:</u>

2014 FES: "Should economic conditions persist that result in the Province's revenue outlook falling further below the 2014 Budget projection, the government will consider other tools, as necessary, to balance the budget by 2017-18. This would be done while continuing to make critical investments in the programs and services that people depend on, such as health and education"

2015 FES: "While Ontario's economy continues to grow, external conditions, such as volatility in global financial and commodity markets and slow growth in most advanced economies, pose risks to its outlook. Should slower-than-expected revenue growth occur, the government will need to consider other tools to ensure that balance is achieved"

Nov 3 FAO Report: "At the same time, the government has a broad range of policy options that could improve the fiscal position, including the sale of additional public assets beyond announced targets, or applying new revenues (from cap and trade or new federal transfers) to existing program spending commitments." "The government has reaffirmed its commitment to achieve budget balance in 2017-18 and maintain balance going forward. However, based on the FAO's analysis of the economic outlook and the government's current fiscal position, Ontario's budget would be expected to remain in deficit over the next five years. Achieving and maintaining budget balance will likely require additional measures to raise revenue or reduce expense."

Premier quoted in Nov 4 Toronto Star: "We're not going to raise taxes on middle class families……We're not going to do anything that is going to harm people who are just feeling the benefits of some of the recovery"

<u>Options for 2016 FES:</u>

Preamble:

Due in large part to the strong economic indicators outlined in Chapter X, revenue is expected to grow by an average annual rate of 4.1% over the 2015-16 to 2018-19 period. Significant volatility in the global economy means there are risks inherent in revenue projections, which may put pressure on the fiscal plan if they do not materialize, in addition to the pressure that is already being felt by potential changes to pension accounting.

Options for sentence to follow preamble:

In preparing the 2017 Budget, government would evaluate options for additional steps/measures/tools/adjustments to ensure ongoing fiscal sustainability. Regardless, the government remains firmly committed to investing in priority areas to build Ontario up for everyone and protect families who are starting to feel the benefits of Ontario's improving economy.

In preparing the 2017 Budget, government would evaluate the need for other revenue and expense measures to ensure ongoing fiscal sustainability. Regardless, the government remains firmly committed to investing in priority areas to build Ontario up for everyone and protect families who are starting to feel the benefits of Ontario's improving economy.

Alternative Language

Due in large part to the strong economic indicators outlined in Chapter X, revenue is expected to grow by an average annual rate of 4.1% over the 2015-16 to 2018-19 period. This projected revenue growth will help the government to return to balance while making key investments in the economy such as child care. However, with continued volatility in the global economy, there remain inherent risks in any revenue projection even with significant reserves and contingencies built into the fiscal plan. In preparing the 2017 Budget, government will continue to take the steps necessary to balance the budget provided that they don't raise the costs on middle-income Ontarians or do anything that is going to harm people who are just starting to feel the benefits from economic growth.

Commented [OS(1]: We are potentially signalling that the reserve and contingency fund may not be sufficient. If this is actually correct, then we should include it. If not, I would remove it.