Highlights

2016–17 Financial Highlights[1] ($ Billions)					Table 1
Consolidated Statement of Operations For the fiscal year ended March 31				**Change from**	
	2016 Restated Budget[2]	**2016–17 Actual**	**2015–16 Restated Actual[3]**	**2016 Restated Budget**	**2015–16 Restated Actual**
Total Revenue (Actual TBD)	**138.4**	**XX**	**136.2**	**XX**	**XX**
Expense					
Programs	129.4	130.0	128.1	0.6	1.9
Interest on debt	12.3	11.7	11.6	(0.6)	0.1
Total Expense	**141.7**	**141.7**	**139.7**	**-**	**2.0**
Reserve	1.0	–	–	(1.0)	-
Annual Deficit	**(4.3)**	**XX**	**(3.5)**	**XX**	**XX**
Consolidated Statement of Financial Position As at March 31					
Financial Assets		XX	69.9		XX
Liabilities		XX	388.8		XX
Net Debt		**XX**	**(318.9)**		**xx**
Non-Financial Assets		xx	0.8		xx
Accumulated Deficit		**xx**	**(318.1)**		**xx**

Note:

1 Numbers may not add due to rounding.

2 Presentation of amounts reported as "Plan" in the 2016 approved Budget have been restated to reflect a presentation change for hospitals, school boards and colleges which are now consolidated on a line-by-line basis, as described in the section entitled Accounting Changes.

3 Actual results for 2015–16 have been restated to reflect both the presentation change as described in footnote 2 as well as the impact of reversing regulated accounting for net pension assets of jointly sponsored pension plans . See the section entitled Accounting Changes.

Comparison to the 2016 Budget plan

The Province of Ontario recorded a deficit of $X.X billion for the 2016–17 fiscal year, a decrease of $X.X billion from the $4.3 billion projected in the 2016 Budget plan (see Table 1).

The variance from plan was due mainly to XXX. Revenues at $ XX billion were $X.X billion above/below forecast, and total spending was consistent with the forecast in the 2016 Budget plan.

Despite the challenges stemming from an uncertain global economic setting, Ontario's economy grew, with real gross domestic product (GDP) increasing by 2.7 per cent in 2016, above the forecast of 2.2 per cent in the 2016 Budget. [OEP]

Total revenue for 2016–17 came in at $XX billion, which was $XX billion higher/lower than forecast in the 2016 Budget plan. This was largely due to higher/lower-than-expected taxation revenues and [other attributing factors …].

Total spending for 2016–17 came in at $141.7 billion, which was consistent with the forecast in the 2016 Budget plan, including achievement of the Year-End Savings Target. Program spending was $130.0 billion, up $0.6 billion from the forecast of $129.4 billion. Spending in the health, justice, children's and social services, and other programs was higher than planned, offset by lower spending in postsecondary and education. [PEMD] Interest on debt expense was $0.6 billion below plan in 2016–17, due mainly to lower-than-forecast interest rates, and cost-effective borrowing and debt management. [OFA to update, including reference to deficit]

Responsible Fiscal Management

The 2016–17 annual deficit of $XX billion was $XX billion lower than the $4.3 billion deficit target laid out in the 2016 Budget. As a result, Ontario has achieved better-than-planned results in each of the last eight years. (TBD)

The government's record of strong fiscal management is due to an ongoing focus on managing growth in spending, as well as stimulating the economy and protecting revenue. Historically low interest rates have also helped the government overachieve on its fiscal targets and supported its efforts to balance the budget while cost-effectively managing debt.

As a result of Ontario's plan to grow the economy and the government's ongoing commitment to transform programs and services, the 2017 Budget plan delivered on the government's commitment to restore balance in 2017–18. The Province is also projecting balanced budgets in both 2018–19 and 2019–20.

A balanced budget allows the government to invest more in health care, education and other priorities and positions the Province to better respond to demographic challenges and unexpected global economic changes.

After declines in revenue in 2008–09 and 2009–10, paralleled by poor economic conditions in those years, Ontario's economic and revenue performance have shown steady gains. Ontario's economic recovery from the global recession has been driven by solid economic fundamentals, supported by long-term job recovery efforts such as significant infrastructure investments. Over the past four years, revenue has grown at an average annual rate of 4.0 per cent, while nominal GDP has grown at an average annual rate of 3.2 per cent. [TBS Communications – to be updated]

To protect provincial revenues, better support consumer and work safety, and provide a level playing field for legitimate businesses, the government has focused on fighting underground economic activities. As noted in the 2017 Budget, Ontario has generated over $1.2 Billion since 2013–14 through ongoing enhanced compliance-focused measures.

Government action to manage growth in spending has achieved results. Program expense fell to XX per cent of GDP in 2016–17, lower than the 17.9 per cent reached in 2009–10. Ontario also consistently has the lowest per-capita program spending among all Canadian provinces.

Program Review, Renewal and Transformation

Through Program Review, Renewal and Transformation (PRRT), the government is supporting evidence-based decision-making, and identifying transformational initiatives focused on modernizing services, finding savings and improving outcomes for Ontarians.
The government will continue to review its programs to deliver the best possible results at the lowest cost. Evidence-based decision-making supports the use of limited public resources to improve outcomes and ensure the long-term sustainability of provincial programs and services that will meet the needs of Ontarians in the digital era.

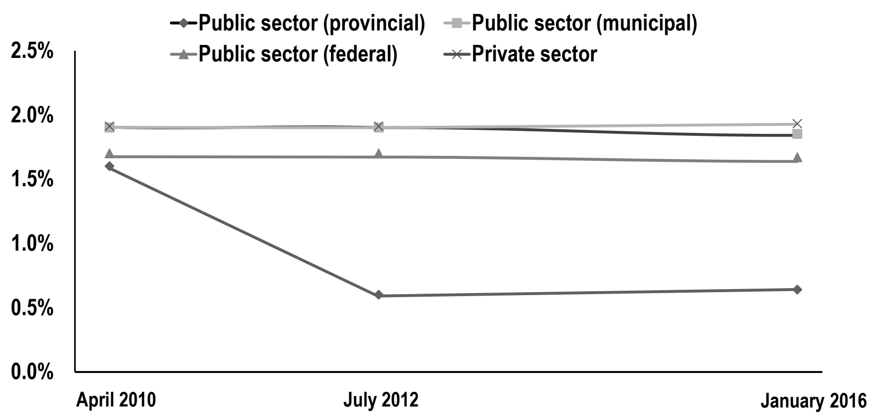
[TBS]

Managing compensation [MO]

The 2016 Budget stated that managing compensation costs remains a key element of achieving this goal, and that all public-sector partners must continue to work together to control current and future compensation costs.

This work has resulted in provincial public-sector average annual wage increases continuing to track below the municipal, federal and private sectors in Ontario since 2012.

Ontario public/private wage settlement trends **Chart 10**



Note: Based on agreements with over 150 employees, ratified between April 1, 2010, and January 13, 2016. April 2010 represents the start of the government's compensation restraint mandate. The period from July 2012 to January 2016 represents the most complete picture of a full bargaining cycle across the public sector. The provincial public sector includes the Ontario Public Service, government business enterprises, provincial utilities and all other provincially funded public employers.

Managing interest on debt

In addition, the interest on debt expense of $11.7 billion reported for 2016–17 was an improvement of $0.6 billion over the restated forecast of the 2016 Budget. Through a combination of lower deficits and borrowing requirements, lower-than-forecast interest rates and cost-effective debt management, interest on debt has consistently come in below forecast in each year since the 2010 Budget. [OFA]