Option 1 – Plan to Date with an Asterisk (numbers below the line)

We are on the right track. For the eighth consecutive year, we are projecting an improvement on our deficit as compared to our budget forecast

The deficit for 2016-17 is forecast at $4.1B (as compared to $4.3B in the budget)

We are maintaining our commitment to balance the budget in 2017-18 and 2018-19 while helping to grow the economy, create jobs, and ensure the sustainability of programs and services that help Ontarians in their everyday lives.

Earlier this fall, the Auditor General proposed that the government change its longstanding approach to accounting policy for pension assets.

Quite unexpectedly, we found ourselves in the middle of an accounting dispute between the Office of the Auditor General and senior civil servants.

To provide clarity, we established an independent panel to review the issue and we are awaiting their report.

The potential fiscal impact of the pension expense on the Province's finances is a preliminary estimate that continues to be assessed and is likely to change. The current impact is shown in the FES.

We will report next year on how any changes will affect Ontario's fiscal outlook.

We have a strong track record of sound financial management and if we need to reflect a change in accounting practice in our fiscal plan, we will do so in a way consistent with our approach of making strategic investments that benefit Ontarians and making progress on the deficit.

Option 2 – Historical Average Approach

We are on the right track. For the eighth consecutive year, we are projecting an improvement on our deficit as compared to our budget forecast.

The deficit for 2016-17 is forecast at $4.1B (as compared to $4.3B in the budget).

We are maintaining our commitment to balance the budget in 2017-18 and 2018-19 while helping to grow the economy, create jobs, and ensure the sustainability of programs and services that help Ontarians in their everyday lives.

Earlier this fall, the Auditor General has proposed that the government change its longstanding approach to accounting policy for pension assets.

Our medium-term fiscal outlook accounts for the potential impact of a change by using a five-year historical average.

This is a sensible approach given that:

- We've established an independent panel to review the issue and we are awaiting their report.
- The potential fiscal impact of the pension expense on the Province's finances is a preliminary estimate that continues to be assessed and is likely to change
- The pension plan has not yet undergone a valuation this year
- We've recognized the impact in the 2015-16 Public Accounts

As a result of higher than expected growth, the FES includes revised revenue assumptions.

Given that we are more than halfway through the year, we are also going to be drawing on a portion of the reserve.

The combination of these two things enables us to accommodate the potential impact.

Option 3 – Take on AG's Estimates Fully

We are on the right track

We are maintaining our commitment to balance the budget in 2017-18 and 2018-19 while helping to grow the economy, create jobs, and ensure the sustainability of programs and services that help Ontarians in their everyday lives.

Earlier this fall, the Auditor General proposed that the government change its longstanding approach to accounting policy for pension assets.

Quite unexpectedly, we found ourselves in the middle of an accounting dispute between the Office of the Auditor General and senior civil servants.

To provide clarity, we established an independent panel to review the issue and we are awaiting their report.

To be transparent and to be financially prudent, we have accounted for the Auditor's new interpretation by using the preliminary estimates of the fiscal impact.

That means that while our revenue and expense outlooks project that we will meet our 2016-17 deficit target of $4.3B, we will have to use a portion of our reserve.

This would result in a higher deficit than originally planned for 2016-17 ($4.8B).

This is a temporary set-back but even after accounting for the Auditor's new interpretation, we will still balance the budget in 2017-18.