

Economics

Q1. Why is the growth rate for labour compensation running significantly above the growth for primary household income, particularly in 2018 and 2019? **OEP-MOF**

A1. When the labour market is tighter in Ontario and conditions are improving elsewhere in Canada, there is evidence that labour compensation growth outpaces growth in primary household income.

- Over the 1997-00 and 2003-07 periods, labour compensation growth in Ontario outpaced primary household income growth by 0.6 and 0.2 percentage points annually, respectively.
- Over the 2010-16 period, labour compensation in Ontario grew at the same rate as primary household income, on average.

All forecasters who project both labour compensation and primary household income expect labour compensation to outpace primary household income over the 2018-2020 period.

- There is divergence in views across forecasters. The Ministry's projection is within the range of forecasters.

Q2. Do you use Compensation of Employees on a 'National Basis' (from Table 11 of the OEA) as the principal PIT driver? In 2016, Labour Compensation on a national basis grew at 4.4% while on a domestic basis it grew 4.2%, which is an unusually large gap. **OEP-MOF**

A2. Yes, Compensation of Employees on a "National Basis" is the principal PIT driver.

Revenue

Q3. In Table 3.14, sales and rental revenues are projected to increase by \$1 billion in 2017-18. Can we get details about the assumptions behind this increase? **OEP-MOF & CEFD-MOF**

A3. The change in Sales and Rentals revenue reflects a number of items, which include higher revenues from some consolidated government agencies and the impacts of the government's multi-year asset optimization strategy.

Please note that the interim 2016-17 sales and rentals total is revised down vs. the 2016-17 sales and rentals forecast in the 2016 Budget, which mainly reflects the re-categorization of revenues related to the Province's asset optimization strategy. This includes the re-categorization from sales and rentals of the impact of the sale of the LCBO head office lands.

The term "re-categorization" is used to refer to fiscal impacts related to the Province's asset optimization strategy that were previously consolidated in the sales and rentals line item that are now being unpacked to other revenue lines with no impact to the Province's fiscal plan. In the previous Budgets, as you may recall, the government included future projected net revenues related to asset optimization in the sales and rentals line item to ensure confidentiality on the specific estimated amounts and timing of certain elements of the Province's asset optimization initiative to protect the commercial interests of the Province. As the sale of assets occurs, the government re-categorizes the impacts of the asset sales into their respective line items. This allows for the Province to transparently report the fiscal impacts of the transaction in the relevant revenue lines once the sale of an asset has occurred.

Similarly, projected net revenue impacts related to future transactions under the Province's asset optimization strategy remain reported as a net number under Sales and Rentals in consideration of the commercial and securities sensitivity of such transactions.

The change in Sales and Rentals revenue reflects a number of items, which include higher revenues from some consolidated government agencies and revisions to the government's multi-year asset optimization target to reflect the progress made so far. For example, the 2016-17 sales and rentals is revised down to reflect this progress as revenues from the Hydro One IPO and 2016 Secondary Offering are reflected in the revenue lines affected by these transactions – Hydro One net income under Government Business Enterprises, electricity payments in lieu of taxes and Sales and Rentals.

In the previous Budgets, as you recall, the government included all future projected net revenues related to asset optimization in the Sales and Rentals line item to ensure confidentiality on the specific estimated amounts and timing of certain elements of the Province's asset optimization initiative to protect the commercial interests of the Province. As the sale of assets occurs, the government re-categorizes the impacts of the asset sales into their respective line items.

Similarly, projected net revenue impacts related to future transactions under the Province's asset optimization strategy are captured as a net number under Sales and Rentals in consideration of the commercial and securities sensitivity of such transactions.

Q4. The 2017 federal budget announced new funding for affordable housing, child care, infrastructure, home care and labour-market training. To what extent are these new revenues (and the associated expense) built into the fiscal plan?

OEP-MOF & PEMD/CPD-TBS & OB-MOF

A4. Budget 2017 projections of Government of Canada transfers include new funding under Strategic Investment Fund for affordable housing, post-secondary education and clean water and wastewater projects. It also includes Public Transit Investment Fund, and funding anticipated for home care & mental health, and jobs and training.

Expenses associated with these findings are built into the fiscal plan except transfers for Home Care & Mental Health and transfers for Jobs and Training, as funding for these items is yet to be finalized. The Home Care & Mental Health line also includes additional federal funding in 2017-18 to support Ontario's housing priorities; linked-expenditure has not yet been identified as funding is yet to be finalized.

New Federal Funding Since Budget 2016 (For MOF ONLY NOT TO BE SHARED)

\$ Million	2016-17	2017-18	2018-19	2019-20	2020-21
Investment in Affordable Housing	321	115			
Post-Secondary Education	197	267	77	15	15
Clean Water and Wastewater Fund	85	338	141		
GC - Infrastructure Other (PTIF)		1,114	372		
Home care and Mental Health		146	328	424	482
Jobs and Training		77	77		
Total	602	2,056	994	439	497

Childcare

Of the \$500M announced in the 2016 federal budget, Ontario is expected receive \$145M (capital and operating funding). The province will begin negotiations through the National Framework. Funding was not built into the fiscal plan, as negotiations are not complete.

The \$7B over 10 years announced as part of the 2017 budget begins in 2018-19 – funding details, including provincial allocations, have yet to be determined.

Affordable Housing

The 2017 Federal Budget proposes to invest more than \$11.2B over 11 years (2017-18 to 2027-28) to build, renew and repair Canada's stock of affordable housing.

Additional cost-matching risk to Ontario may arise from the new housing strategy associated with the National Housing and affordable housing initiative. However, the Federal Budget did not disclose the cost-sharing splits between various levels of government.

The Federal government may provide further details later this year as part of a National Housing Strategy announcement.

As the program design is still being finalized, the revenue and expense relate to the new federal housing strategy is not built into the current fiscal plan. The 2017 Budget only includes agreements that have been previously ratified (i.e., Investment in Affordable Housing Programs for Ontario).

Infrastructure Funding

The 2017 Federal Budget confirmed that the \$81 billion Phase 2 funding will be allocated in the following ways:

- \$33 billion through bi-lateral agreements.
- \$15 billion through the Canada Infrastructure Bank split evenly between public transit, green, and trade and transportation infrastructure.
- \$10.8 billion through competitive national funds for housing, trade corridors, cultural spaces and various green initiatives.
- \$10.2 billion through multi-lateral frameworks for housing and early childhood education.

In addition \$12 billion has been allocated to a variety of infrastructure related initiatives under federal responsibility including investments in Indigenous Communities.

Ontario's share of the Phase 2 Federal Infrastructure funding and funding requirements (e.g. incrementality conditions) will be determined as part of upcoming bi-lateral negotiations with the federal government.

Q5. Expected revenues from Carbon Allowance Proceeds have been reduced by \$0.5 billion beginning 2018-19 (Table 6.10). Any explanation of the lower revenue projection?

- a) Is the annual forecast for Carbon Allowance Proceeds \$1.4 billion? If so, does the higher amount in 2017-18 of \$1.8 billion just reflect the shifting of proceeds from the first auction in 2016-17 (that is there is an extra auction in 2017-18 than in future years)? **OEP-MOF**

A5a) Yes, the annual forecast for Carbon Allowance Proceeds is \$1.4 Billion except in 2017-18. The higher amount in 2017-18 reflects the shifting of proceeds from the first auction in 2016-17, as the proceeds from the first auction are being certified, settled and recorded in the 2017-18 fiscal year. In other words, there will be revenues from five auctions recognized in 2017-18, while going forward there will be four in each fiscal year.

- b) Are the associated expenses from the Green Investment Fund being reduced as well, to reflect the lower revenue forecast? **PEMD-TBS**

A5b) No, expenses associated with the Green Investment Fund will not be reduced to reflect the lower revenue forecast and will remain at the level publically announced.

Q6. Base revenue growth for Corporations Tax and Sales Tax are noticeably stronger than the growth of their underlying drivers. What are your elasticity assumptions for Personal Income Tax, Corporations Tax and Sales Tax with respect to their drivers? **OEP-MOF**

A6.

Corporations Tax: Corporations tax base revenue is projected to grow at an average annual rate of 6.3 per cent over the 2016-17 to 2019-20 period. This is in line with the 6.5 per cent average annual growth in the net operating surplus, an implied elasticity of 1.0.

Personal Income Tax: The primary economic driver of the forecast for Personal Income Tax (PIT) revenue is the outlook for growth in the compensation of employees. PIT revenue tends to grow at a faster rate than incomes due to the progressive structure of the PIT system. Budget 2017 assumes an elasticity of 1.3 for PIT.

Sales Tax: With regards to Sales Tax revenue, note that about 60 per cent of the HST taxable base is attributable to consumption expenditures and 18 per cent to the housing sector. Housing is driven by new home construction (subject to significant lags especially in the huge GTA condo sector), renovations and real estate transaction fees (not including resale activities).

Over the forecast period of 2017-18 to 2019-20, the HST is projected to grow at 4.9 per cent, slightly faster than nominal consumption of 4.2 per cent, or an elasticity of 1.1. This is justifiable because of Ontario's strong housing sector and as Ontario's share of the overall GST/ HST pool continues to rise as its economy is expected to outperform the rest of Canada.

- a) For HST, could you break out the revenues expected from housing and nominal consumption over the forecast? **OEP-MOF**

A6a) There is no breakdown of HST revenues attributable to its different economic drivers. An approximation of the breakdown may be derived by applying the Ontario HST rate to the taxable base although it is not possible to verify its accuracy.

Q7. The federal government's 2015-16 Annual Financial Report indicated that stronger 2015 federal PIT returns partly reflect "...tax planning by high-income individuals to recognize income in the 2015 tax year before the new 33 per cent tax rate came into effect in 2016". What assumptions were made on the impact of income shifting on Ontario's PIT revenue?

OEP-MOF

A7. Although at this point, there is no conclusive evidence to suggest that higher 2015 revenue from tax returns processed during 2016 was a result of tax planning, the PIT revenue forecast for 2016-17 includes a one-time downward adjustment of \$0.5B to exercise prudence in the forecast. We will have more definitive information as results of the tax returns processed for 2016 arrive.

Expense

Q8. The anticipated fiscal impact of the Fair Hydro Plan is approximately \$1.8 billion based on information provided to the FAO (roughly \$1 billion for HST rebate and \$800 million for the electricity social programs). However, the 2017 Budget indicates that the total cost would be around \$1.4 billion in 2017-18 (Table 6.15). Can you explain the discrepancy?

PEMD-TBS & CEFD-MOF

A8. Energy's forecasts for the various programs were refined.

- a) OREC – Forecast adjusted for bill impacts of new initiatives under the FHP announced March 2, 2017.
- b) Social programs moving to government funded – Preliminary Estimates based on full year 2017-18 versus partial year for 2017-18 reflecting roll-out timing.

	2017-18	
	Preliminary Estimate	2017 Budget
OREC	1119	939
OESP	186	140
RRRP	459	344
ONFND	20	15
Total	1784	1438

Q9. A number of new programs were announced in the budget. Can you provide the fiscal impact for these new initiatives (e.g. children and youth pharma-care, child care spaces expansion) by completing the following table? Are these fiscal impacts in the plan? **PEMD/CPD-TBS & TPD-MOF**

A9. Table to be provided to the FAO by end of day.

Cost of Announced Programs

\$ Millions	2017-18	2018-19	2019-20	2020-21
Children and Youth Pharmacare	115	465	465	465
100,000 Child Care Spaces Expansion	170	282	295	235
Fair Hydro Plan	1438	1635	1711	1787
Caregiver Tax Credit				
Other major programs?				

- a) The September Throne Speech announced the expansion of 100,000 new child care spaces. The budget announced 24,000 additional spaces. What is the progress in the rollout plan for the remaining spaces? Is there additional fiscal impact from the Throne Speech that have not been incorporated? **PEMD-TBS**

A9a) The government has committed to creating 24,000 new child care spaces in 2017-18. This commitment is part of the Province's plan to help 100,000 more children access child care, as announced in the 2016 Ontario Speech from the Throne. This commitment builds on the progress of recent child care expansion, including helping create 56,000 new licensed child care spaces over the past three years. The fiscal impact of child care expansion initiatives will be impacted by timing and allocation of funding to service managers (e.g., municipalities), and will continue to evolve as this commitment is implemented.

Debt

Q10. The budget indicated that the government aims to reduce the net debt to GDP target to 35 per cent by 2023-24 and 27 per cent by 2028-29. What assumptions are built into this projection for nominal GDP, the budget balance, and capital expenditure? **OFA-MOF & CPD-TBS**

A10. Our Net Debt assumptions have many moving parts and are from several sources, namely OEP and CPD. They were factored into our net debt calculations as follows:

- 1) Pension is reversed and deficit for 2016-17 is \$1,524 million
- 2) The denominator annual nominal GDP that goes into the net debt calculation % is per latest information received from OEP used for the 2017 Budget
- 3) A major component of the net debt calculation in the numerator, the book value of tangible capital assets, is per the latest information received from CPD used for the 2017 Budget

Details from CPD-TBS:

Capital's impact on net debt is estimated as the increase in the net book value (NBV) of capital assets each year (annual acquisitions less amortization). The NBV of tangible capital assets represents the cost of the province's owned and consolidated tangible capital assets, less accumulated amortization and the amount of any write-downs.

The below table outlines forecasted growth in the NBV of capital assets based on planned acquisitions and amortization expense. Note that acquisitions include those funded through third party contributions and that amortization includes deferred capital contributions.

PROVINCIAL TCA											
Net Book Value (\$ Billions)	2016-17 Interim	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Opening Net Book Value	102,536	108,372	118,377	129,727	142,313	153,001	160,985	165,948	165,888	167,105	165,376
Annual Acquisitions	11,092	15,566	17,274	18,851	17,433	15,352	12,919	8,314	9,932	7,194	8,612
Gross Amortization Expense	(5,256)	(5,562)	(5,924)	(6,265)	(6,745)	(7,369)	(7,956)	(8,374)	(8,715)	(8,923)	(9,008)
Closing Net Book Value	108,372	118,377	129,727	142,313	153,001	160,985	165,948	165,888	167,105	165,376	164,981
Notes:											
Opening NBV for 2016-17 from public accounts											
Annual Acquisitions include other partner funding and federal flowthroughs											

- 4) Our Net Debt amount is not adjusted for prepaid expenses and inventory. Such an adjustment will be done for the 2016-17 Public Accounts onwards going forward (new this year per OPCD request)
- 5) The balanced budget continues through to 2030-31
- 6) The Tangible Capital Asset book value is the same from 2026-27 to 2030-31, i.e. no change
- 7) GDP annual growth is 4% from 2021-22 to 2030-31 per direction from OEP.

Q11. What's the explanation for the increase in cash reserves? Is it related to recent changes in rating criteria requiring more liquid reserves covering the issuance of commercial paper debt? **OFA-MOF**

A11. Ontario actively manages its financial obligations through the maintenance of a liquid reserve portfolio and the use of short-term borrowing. The Province increased its level of unrestricted liquid reserves following the financial crisis in 2008–09.

Coming out of the financial crisis, the Province began a strategy of creating large, liquid 10- and 30-year benchmark domestic bond issues in 2009–10 in response to investor demand. This strategy has been very successful and continues to lower Ontario's borrowing costs and enhance the Province's access to capital.

However, as a result of these large bond issues, the Province will have large cash outflows on single days commencing in 2019–20, rather than having maturities spread more evenly through the year. In anticipation of the need for cash reserves to meet these requirements for large outflows on a single day, the Province began, as noted in Table 6.24, building cash reserves in 2016–17, and will continue to increase these reserves in 2017–18.

This will ensure that Ontario's cash reserves remain at relatively healthy levels, a key requirement from the perspective of the Rating Agencies.

Q12. What is a Designated Purpose Account? **OPCD-TBS**

A12. A Designated Purpose Account (DPA) is an account, or system of accounts, in the financial records, authorized through legislation, that tracks the recognition of specified revenue and expenditures for the purposes outlined in the enabling legislation.

The government established DPAs to demonstrate to the public, progress on the government's commitment to spend over time at least as much as it has accumulated through identified funding sources to achieve the legislated objectives.

In addition, these DPAs support effective reporting and recording of financial activities as they relate to designated government programs and initiatives in accordance with the requirements of its governing legislation.

Questions from David West – email:

Q13. We would like to obtain the detailed revenue and expense tables (Tables 6.14 and 6.15) extended to 2019-20. Are these detailed tables available to 2020-21? If so, then please include (☺) **OEP-MOF Table 6.14 and OB-MOF & PEMD/CPD-TBS 6.15**

A13. OEP-MOF provided detailed revenue table out to 2019-20 to the FAO through email.

OB-MOF & PEMD-TBS provided detailed expense tables to the FAO through email.

Q14. As staff have been discussing, we would like to obtain more detailed information on the one-time adjustments to taxation revenues beginning in 2015-16 and extending over the forecast. This is basically additional information to that provided in tables 6.7, 6.8 and 6.9. **OEP-MOF**

A14. Response provided to the FAO as part of email response for Q12.

Q15. As detailed in the letter and background documents sent to Deputies Thompson and Angus on April 3, we are requesting pension expense and employer contribution details for the OTPP and OPSEUPP. **OPCD-TBS**

A15. TBS provided email response to FAO on May 1.

Q15a) Follow-up question from David West:

My one initial question would be that the pension cost (expense less contributions) is now about \$1.2b lower than estimated in the 2016 FES for 2018-19.

I assume this is just a reflection of the updated accounting calculations, but we'd be interested to understand the main factor(s) behind this change.

A15a) The FES numbers included valuation allowances for HOOPP and CAATPP as well. These amounts have not been reversed in the budget.

The discount rates were reduced for both OTPP and OPSEUPP in the annual update of the economic assumptions, resulting in a lower expected recovery for OTPP and an increased expense for OPSEUPP.

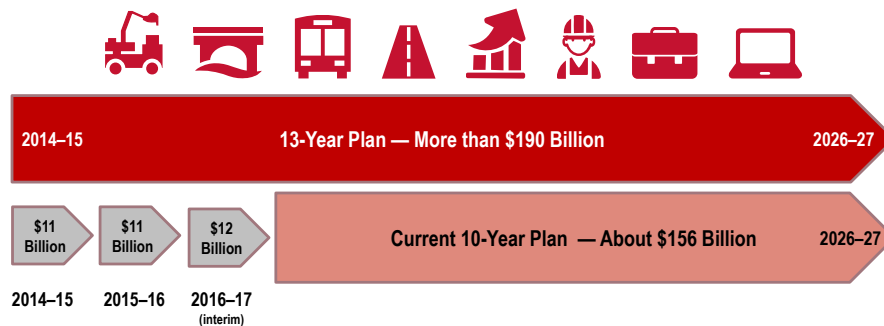
Q16. Additional details/clarification on new health spending, including the new pharmacare plan TBS PEMD

A16. Probe to see what information the FAO requires. See additional back pocket pieces.

Q17. Additional details/clarification on new infrastructure spending CPD-TBS

A17. Probe to see what information the FAO requires.

The 2017 Budget updates and rolls forward the 10-year capital plan by one year. Planned infrastructure investments total more than \$190 billion over 13 years, starting in 2014-15.



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

The 2017 Budget includes new investments to support infrastructure priorities, such as:

- Investing in Child Care Expansion, creating 100,000 affordable, quality licensed child care spaces by 2022;
- A new Natural Gas Grant Program to support building of infrastructure to expand access to natural gas;
- Investing approximately \$9 billion to support the construction of new major hospital projects across the province;
- An additional \$1.2 billion for school repair and renewal over the next two school years; and
- Continuing to invest in transit, highways and bridges.

Question from Luan Ngo – email:

Q18. One more question that I'd like to tack on relates to the assumed year-end savings. I noticed that the year-end savings target was increased to \$1.2 billion for 2017-18. **PEMD-TBS**

- a) Was there a section in the budget that discussed the policy reasons or assumptions behind this higher target for this year? If so, can you point it out to me?

A18a) Each year the government's fiscal plan includes a year-end savings provision. The average year-end savings 'target' over the past six years has been approx. \$1.0B, with a low of \$800M in 2012-13 and 2016-17 to a high of \$1.2B in 2017-18 (or \$1.5B in 2015-16 when combined with that year's program review savings target).

\$ Millions	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Year-End Savings Target	(800)	(1,000)	(1,100)	(1,000)	(800)	(1,200)
Program Review Savings Target	-	-	(250)	(490)	-	-

The 2017-18 year-end savings target (\$1.2B) is included as part of the Total Expense table on page 241 of the 2017 Budget (see Table 6.15 below), with a footnote stating: "As in past years, the Year-End Savings provision reflects efficiencies through in-year expenditure management and under-spending due to factors such as program management, and changes in project start-ups and implementation plans."

Although an increase over the 2016-17 year-end savings provision published in the 2016 Budget, the 2017-18 year-end savings target is in keeping with historic levels.

TABLE 6.15 Total Expense (continued)
(\$ Millions)

Ministry Expense	2014-15	Actual 2015-16	Interim 2016-17	Plan 2017-18
Francophone Affairs, Office of (Total)	5	8	5.1	5.3
Government and Consumer Services (Total)	567	602	613.6	593.3
Health and Long-Term Care (Base)	49,983	51,011	52,201.1	53,762.8
Time-Limited Investments in Affordable and Supportive Housing	-	-	4.7	-
Health and Long-Term Care (Total)	49,983	51,011	52,205.8	53,762.8
Indigenous Relations and Reconciliation (Base)	67	75	82.6	85.8
Green Investment Fund Initiatives	-	-	5.0	-
One-Time Investments Including Settlements	3	5	11.3	5.0
Indigenous Relations and Reconciliation (Total)	71	79	98.9	90.8
Infrastructure (Base)	229	213	193.3	173.0
Federal-Provincial Infrastructure Programs	-	-	131.6	689.4
Infrastructure (Total)	229	213	324.9	862.4
International Trade (Total)	17	21	31.0	61.6
Labour (Total)	305	305	310.3	311.8
Municipal Affairs / Housing (Base)	889	923	898.0	955.0
Green Investment Fund Initiatives	-	-	92.0	-
Time-Limited Investments	7	1	7.0	10.0
Time-Limited Investments in Municipal, Social and Affordable Housing	153	165	543.6	297.0
Municipal Affairs / Housing (Total)	1,050	1,088	1,540.7	1,262.0
Natural Resources and Forestry (Base)	713	723	753.2	754.6
Emergency Forest Firefighting	78	95	108.6	69.8
Natural Resources and Forestry (Total)	791	818	861.8	824.4
Northern Development and Mines (Total)	804	701	837.4	767.1
Seniors Affairs (Total)	17	20	20.1	35.3
Status of Women (Total)	20	26	22.8	25.8
Tourism, Culture and Sport (Base)	1,246	1,431	1,454.9	1,390.5
Time-Limited Investments to Support 2015 Pan/Parapan American Games	405	839	82.3	-
Tourism, Culture and Sport (Total)	1,650	2,270	1,537.2	1,390.5
Transportation (Base)	2,941	3,284	3,667.8	4,213.7
Green Investment Fund Initiatives	-	-	20.0	-
Time-Limited Investments in Infrastructure	-	-	-	1,112.6
Transportation (Total)	2,941	3,284	3,687.8	5,326.2
Treasury Board Secretariat (Base)	237	221	239.8	336.8
Employee and Pensioner Benefits	1,186	987	1,163.0	1,208.0
Operating Contingency Fund	-	-	30.0	515.0
Capital Contingency Fund	-	-	-	100.0
Treasury Board Secretariat (Total)	1,423	1,208	1,432.8	2,159.8
Interest on Debt ²	10,635	10,967	11,250.0	11,581.3
Year-End Savings ⁴	-	-	-	(1,200.0)
Total Expense	128,861	131,891	134,751.8	141,050.0

¹ The 2014-15 amount includes expenses for the 2014 general election.

² Numbers reflect the pension expense/recovery that was calculated in accordance with Public Sector Accounting Board standards.

³ Interest on debt is net of interest capitalized during construction of tangible capital assets of \$202 million in 2014-15, \$165 million in 2015-16, \$121 million in 2016-17 and \$292 million in 2017-18.

⁴ As in past years, the Year-End Savings provision reflects efficiencies through in-year expenditure management and underspending due to factors such as program management, and changes in project startups and implementation plans.

Note: Numbers may not add due to rounding.

b) Is this higher target maintained for the out-years as well?

A18b) Although not published as part of the Budget, the multi-year fiscal plan includes the following year-end savings provisions:

\$ Millions	2017-18	2018-19	2019-20	2020-21
Year-End Savings Target	1.20	1.225	1.075	1.150

- c) Finally, in previous budgets, there were sections that indicated how much year-end savings were achieved by the government.

A18c) The 2017 Budget states that for the 2016–17 fiscal year:

- the government is forecasting a deficit of \$1.5 billion, the eighth year in a row that it is projecting to beat its deficit target
- total expense is projected to be \$0.9 billion higher than forecast in the 2016 Budget, as a result of higher program expense and lower interest on debt (page 220)
- program expense is projected to be \$1.4 billion higher than outlined in the 2016 Budget, primarily the result of investments in health care, social services, the Green Investment Fund initiatives and the Ontario Rebate for Electricity Consumers (page 220)

The 2017 Budget notes that given, the preliminary nature of these estimates, the interim forecast is subject to change as actual Provincial revenue and expense are finalized in the Public Accounts of Ontario 2016–2017.

[The 2016 Budget indicated that the government was on track to achieve its year-end and program review savings targets (a combined total of \$1.49B). The 2015-16 Public Accounts noted that ministries achieved \$1.1 billion in savings against these targets which were reallocated to the ministries that achieved savings — notably in both the education and post-secondary and training sectors].

- d) Is there data anywhere that points to the government's record in achieving its target for 2016-17?

Same response as above (A18c)

BACKPOCKET – NEW HEALTH SPENDING BREAKDOWN

\$7B Incremental health spending (vs. 2016 Budget Multi-year Plan)

Total Expense (Consolidated) by Major Sector:	2017-18	2018-19	2019-20	3-year Total
(\$ Millions)				
Hospitals	346.5	1,236.8	1,492.7	3,076.0
Incremental Hospital Operating Funding	322.5	628.3	896.2	
YoY Hospital Operating Funding Growth	518.0			
Includes Growth from 2016 and 2017 Budgets				
Ontario Health Insurance Program	200.6	328.2	432.4	961.1
Drug Programs	245.7	499.6	656.9	1,402.1
Long-Term Care Homes	2.4	10.3	10.6	23.3
Community	(107.2)	27.9	50.2	(29.2)
Other Sector	298.1	445.3	726.2	1,469.6
Total	986.0	2,548.0	3,368.9	6,903.0
Wait Time Investments (vs. 2016 Budget)	2017-18	2018-19	2019-20	3-year Total
Specialized Care Provider	43.5	81.9	119.8	245.1
Hospitals - Foot, knee, hip, cataract, and priority pro	209.2	295.7	382.5	887.3
Home and Community Care	25.4	28.9	30.7	85.0
Mental Health	7.5	23.3	43.3	74.1
Total	285.5	429.7	576.3	1,291.5

Backgrounder: MOHLTC PRRT Funding Breakdown

Overview

The 2017 Budget and supporting communications products include several references to overarching health sector investments:

- A. **\$7 billion** - *The government is investing an additional \$7 billion in health care over the next three years, compared to the 2016 Budget plan, to reduce wait times, provide access to care and to enhance the patient experience. With these new investments, growth in health spending will now average 3.3 per cent over the medium term.* [Chapter 4A]
- B. **\$11.5 billion** – *Ontario is increasing health care investments by \$11.5 billion over the next three years. The 2017 balanced budget includes a new \$7 billion booster shot to health care, building on the commitment made in the 2016 Budget.* [News Release]
- C. **\$1.3 billion** – *Over the next 3 years, the Province will invest \$1.3 billion in additional funding to reduce wait times, including \$890 million for key surgical and other priority procedures; \$245 million to improve specialist access, including new digital solutions to streamline consults and eReferrals; \$85 million in new home and community care services; and \$74 million to provide more timely mental health services.* [Chapter 4A]

Methodology

Below is a description of each calculation. The different funding references are not incremental the \$7 and \$11.5 billion are different methodologies for showing in-plan health sector expense growth (see tables on page 2).

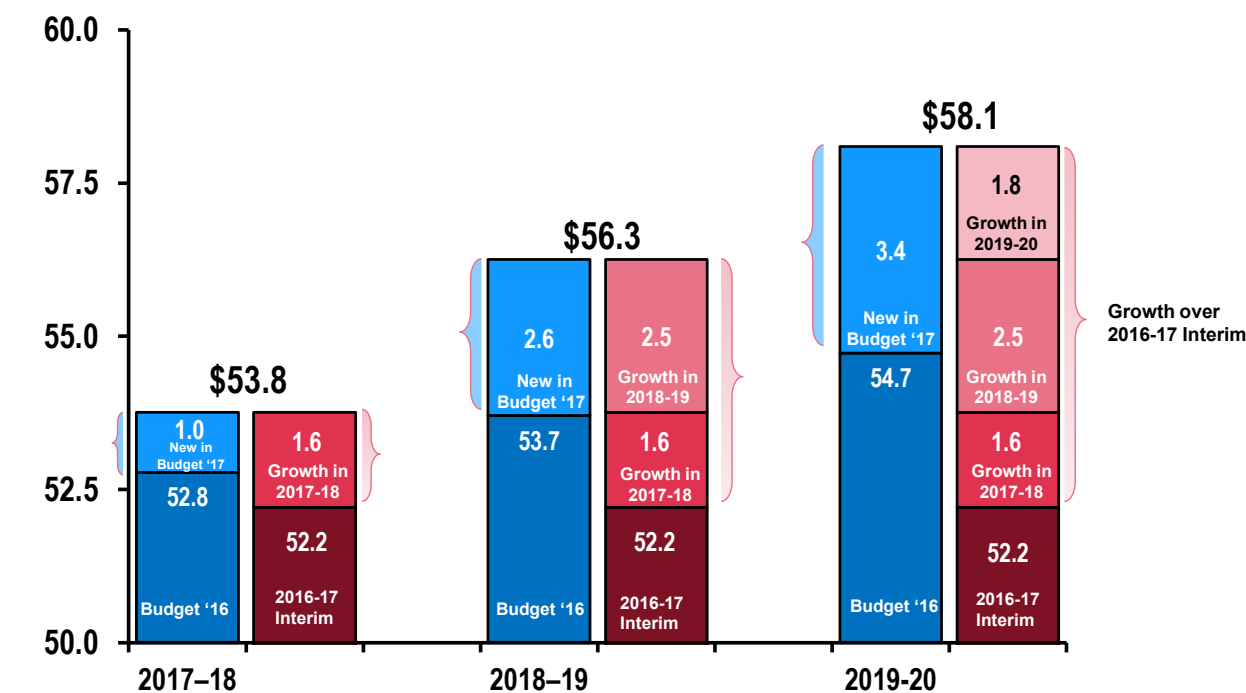
- A. **\$7 billion** - is the cumulative 3 year growth between the 2016 Budget and 2017 Budget. This amount includes all in-year 2016-17 funding decisions.¹
- B. **\$11.5 billion** – is the 3 year cumulative total of all investments in the 2017 Budget and 2016 Budget above 2016-17 Interim. These investments include previously approved growth through the 2016 Budget.
- C. **\$1.3 billion** – is the incremental new investment that MOHLTC has attributed to supporting wait times. These investments are a subset of the \$7 billion and \$11.5 billion references. This amount also includes funding referenced in other areas of the document e.g.:
 - \$518 million for hospitals
 - \$140 million for mental health and addictions services

¹ 2016-17 in-year decisions include: \$140M for hospitals, \$106M for the drug program, \$95M for stem cell transplants, \$30M First Nations Health Action Plan as well as other adjustments

Investments in Health Care in the Next Three Years – \$7B and \$11.5B methodologies

Investments in Health Care in the Next Three Years (\$ billions)	2016-17	2017-18	2018-19	2019-20	3-year total
2016-17 Budget (published, except 2019-20)	51.8	52.8	53.7	54.7	
2017 Budget (2016-17 = interim 2016-17)	52.2	53.8	56.3	58.1	
Budget 2017 (multi-year plan) vs Budget 2016 (respective multi-year plans)		1.0	2.6	3.4	7.0
Budget 2017 (all out-years) vs Interim 2016-17 (constant)					
Year 1 investment (based on 2016-17 interim)		1.6	1.6	1.6	
Year 2 investment (based on 2016-17 interim)			2.5	2.5	
Year 3 investment (based on 2016-17 interim)				1.8	
Budget 2017 (multi-year plan) vs Interim 2016-17 (constant)		1.6	4.0	5.9	11.5

\$billions



Blue brackets denote growth over 2016 plan totalling \$7.0B over 3 years. Pink brackets denote cumulative growth over 2016-17 interim totalling \$11.5B over 3 years.