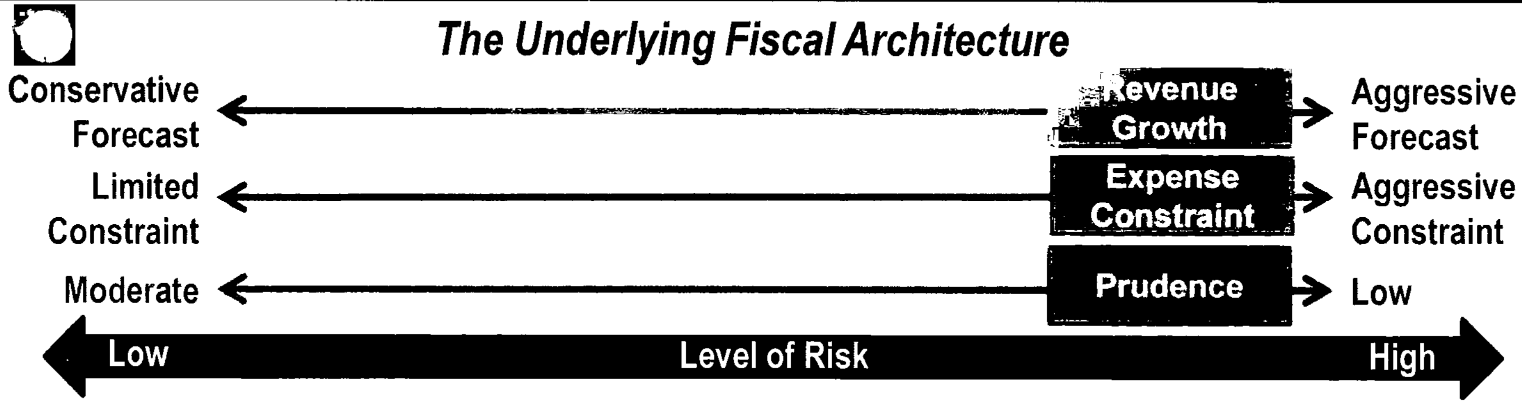
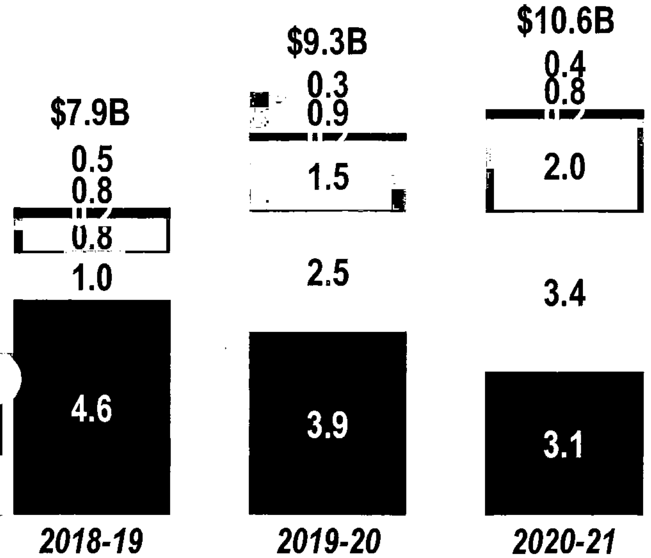
2017 Budget Recap

The Underlying Fiscal Architecture



Significant New Investments in 2017 Budget



Postsecondary and Training : Reforms to OSAP; Highly Skilled Workforce Initiative.

Children's and Social Services: Social Assistance; Developmental Services; Basic Income Pilot; Autism Reform; Child Welfare Reform.

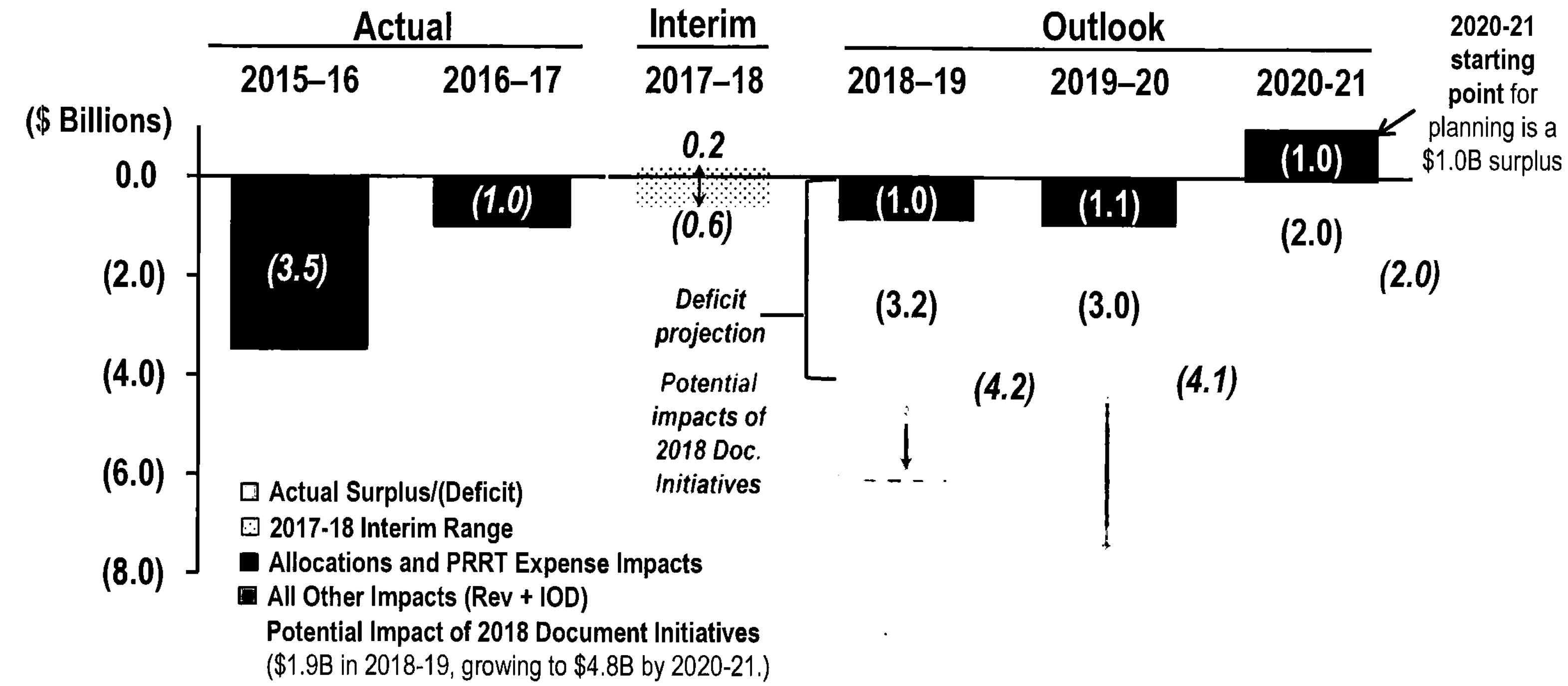
Justice Sector: Action Plan for Reconciliation; Corrections Reform; Compensation.

Education: Child Care Expansion; higher than projected enrolment.

Health: $7 billion booster shot includes hospital base funding, OHIP, and drug program.

Other Programs: Fair Hydro Plan; Greenhouse Gas Reduction Account.

Fiscal Summary – Current Outlook



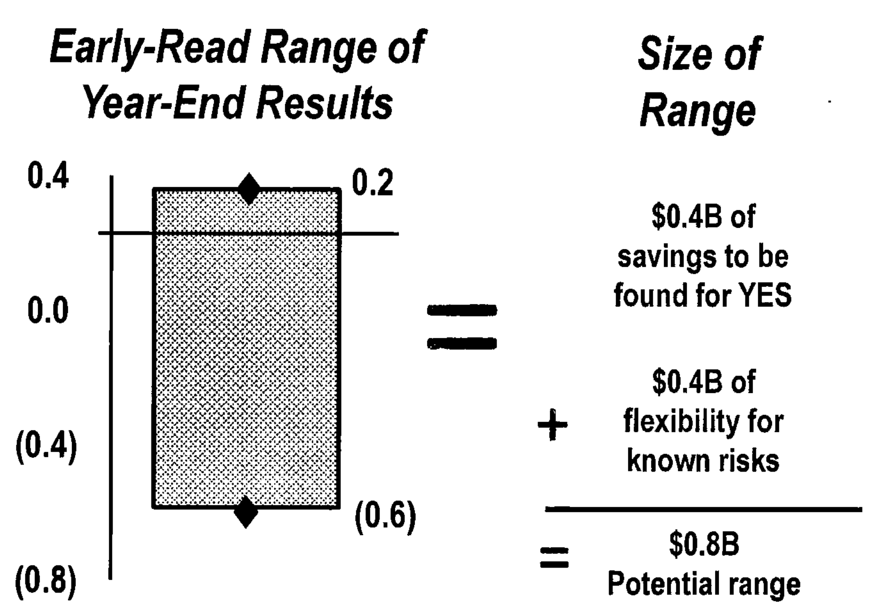
- Preliminary allocations and PRRT decisions result in a gap of $1.0B in 2018-19, $1.1B in 2019-20 relative to the 2017 Budget.
- Adding the impact of updated revenue and interest on debt forecasts result in deficits of $4.2B in 2018-19, $4.1B in 2019-20 and $2.0B in 2020-21.
- The range of potential 2018 Document Initiatives could increase the deficit to $6.1B in 2018-19, $7.6B in 2019-20, and $6.8B in 2020-21

Interim 2017-18: Early Read

An early read suggests a balanced budget may be achievable;

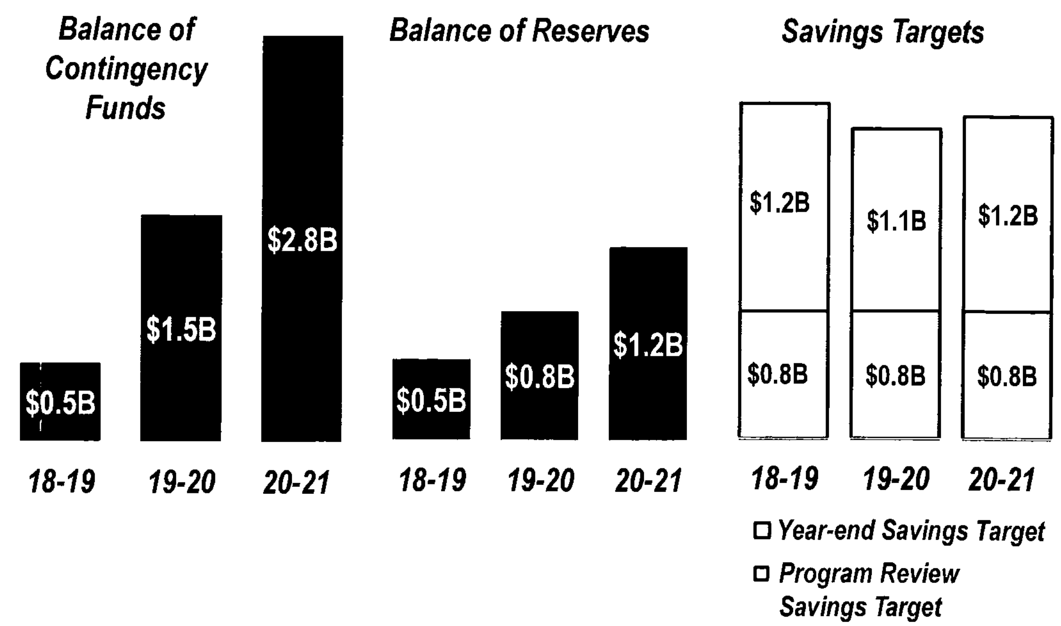
- **In-year expense approvals** are being managed from ***within*** the 2017 Budget plan. However, one quarter of the fiscal year remains, year-end savings have not been achieved, and contingency fund room is limited.
- **Excluding fiscally neutral revenue changes, the revenue forecast has increased by $0.2B.** (Total revenue has deteriorated by $0.7B).
  - **This includes the revenue forecast for Cap and Trade being $0.5B above the budget plan.**
- The **$0.5B reserve** is used to improve the fiscal outlook

Early-Read Range of Year-End Results



Prudence and Risks

Prudence Levels



Expense Risks