TBS

OFFICE OF THE PROVINCIAL CONTROLLER DIVISION

2016-17 Public Accounts

Cabinet Highlights Deck

August 31, 2017

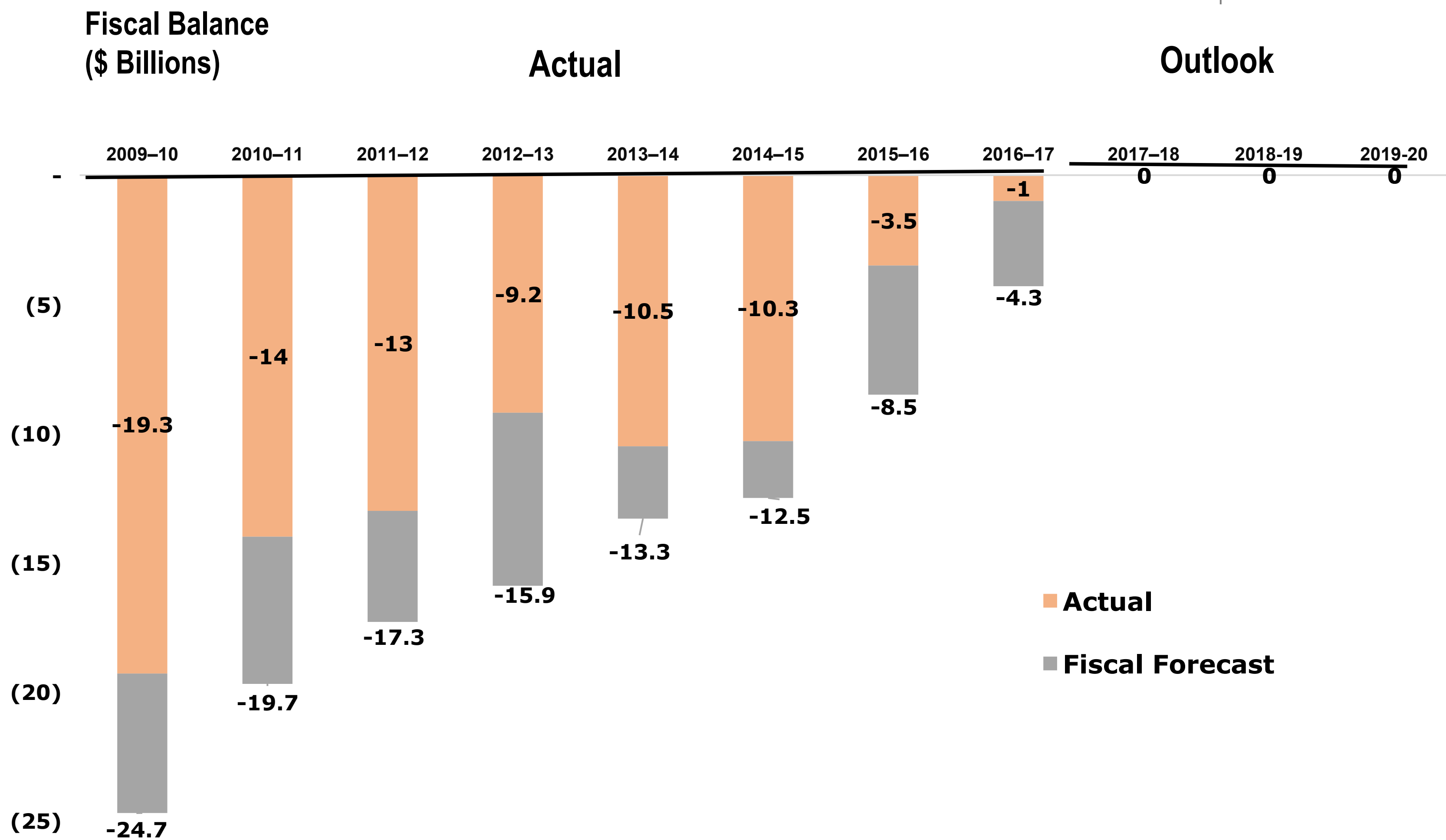
Confidential – For Internal Discussion Purposes

2016-17 Financial Highlights

- **2016-17 deficit is $1.0 billion**
  - $3.3 billion lower than the projected $4.3 billion deficit in the 2016 Budget.
  - $0.5 billion lower than the $1.5 billion interim forecast presented in the 2017 Budget.
  - $2.5 billion lower than 2015-16 deficit of $3.5 billion*.
- **Revenues are $140.7 billion**
  - $2.2 billion, or 1.6%, higher than the projected $138.5 billion in the 2016 Budget.
  - $0.6 billion, or 0.4%, lower than the projected $141.3 billion interim forecast in the 2017 Budget.
- **Expenses are $141.7 billion**
  - $0.1 billion, or 0.1%, lower than the projected $141.8 billion in the 2016 Budget.
  - $1.1 billion, or 0.8%, lower than the $142.8 billion interim forecast presented in the 2017 Budget.
- **Net debt is approximately $301.6 billion, an increase of $6.2 billion in 2016-17. This increase is due to:**
  - Additional borrowing to finance the operating deficit and investments in infrastructure.
- **The Auditor General has issued a qualified Audit Opinion for the 2016-17 Public Accounts, based on a different interpretation of accounting methods for net pension assets and recognition of Independent Electricity System Operator market accounts.**

* 2015-16 deficit restated for removal of impact of regulated pension accounting

Ontario's Plan to Eliminate Deficit



[1] Represents the 2017 Budget outlook for 2017–18 to 2019–20. For 2009–10 to 2016–17, actual results are presented. The 2015–16 actuals have been restated to reflect recognizing jointly sponsored net pension assets for the Ontario Public Service Employees' Union Pension Plan and the Ontario Teachers' Pension Plan on the Province's financial statements, consistent with the 2016 Budget and as described in the 2016–17 Third Quarter Finances.

[2] Forecast for 2009–10 is based on the 2009 Ontario Economic Outlook and Fiscal Review, 2010–11 to 2013–14 is based on the 2010 Budget; 2014–15 is based on the 2014 Budget; 2015–16 is based on the 2015 Budget.

Key Messages

- The deficit for 2016-17 of $1.0 billion is $3.3 billion lower than the deficit originally projected in the 2016 Budget. This marks the eighth year in a row that Ontario has beaten its deficit target. This success is due to an on-going focus on managing growth in spending and working to achieve the best possible value for every dollar spent.
- Our government has balanced the 2017 budget while continuing to invest in the programs and services that matter to Ontarians.
- Achieving a balanced budget requires a relentless focus on finding smarter, better ways to deliver the best possible value for every dollar we spend as we continue the hard work to review and transform government programs, manage public sector compensation and maintain tax fairness and a level playing field for business.
- Ontario is moving ahead with its plan to unlock the value of certain Provincial assets to help support investments in transit, transportation and other priority infrastructure projects.

Highlights: Financial Results

2016-17 Results (as of August 25)								
$ Billions	**Budget**	**Interim**	**2016-17 Results**	**2015-16 Actual**	**Change from Budget**	**%**	**Change from Interim**	**%**
Revenues	138.5	141.3	**140.7**	136.1	2.2	1.6%	(0.6)	-0.4%
Expenses								
Programs	129.4	130.9	**130.0**	128.1	0.6	0.5%	(0.9)	-0.7%
Interest on Debt	12.4	11.9	**11.7**	11.6	(0.7)	-5.6%	(0.2)	-1.7%
Total Expenses	141.8	142.8	**141.7**	139.7	(0.1)	-0.1%	(1.1)	-0.8%
Reserve	1.0	-	**-**	-	(1.0)		-	
Deficit Before Outstanding Items	(4.3)	(1.5)	**(1.0)**	(3.5)	3.3	-76.7%	0.5	-33.3%

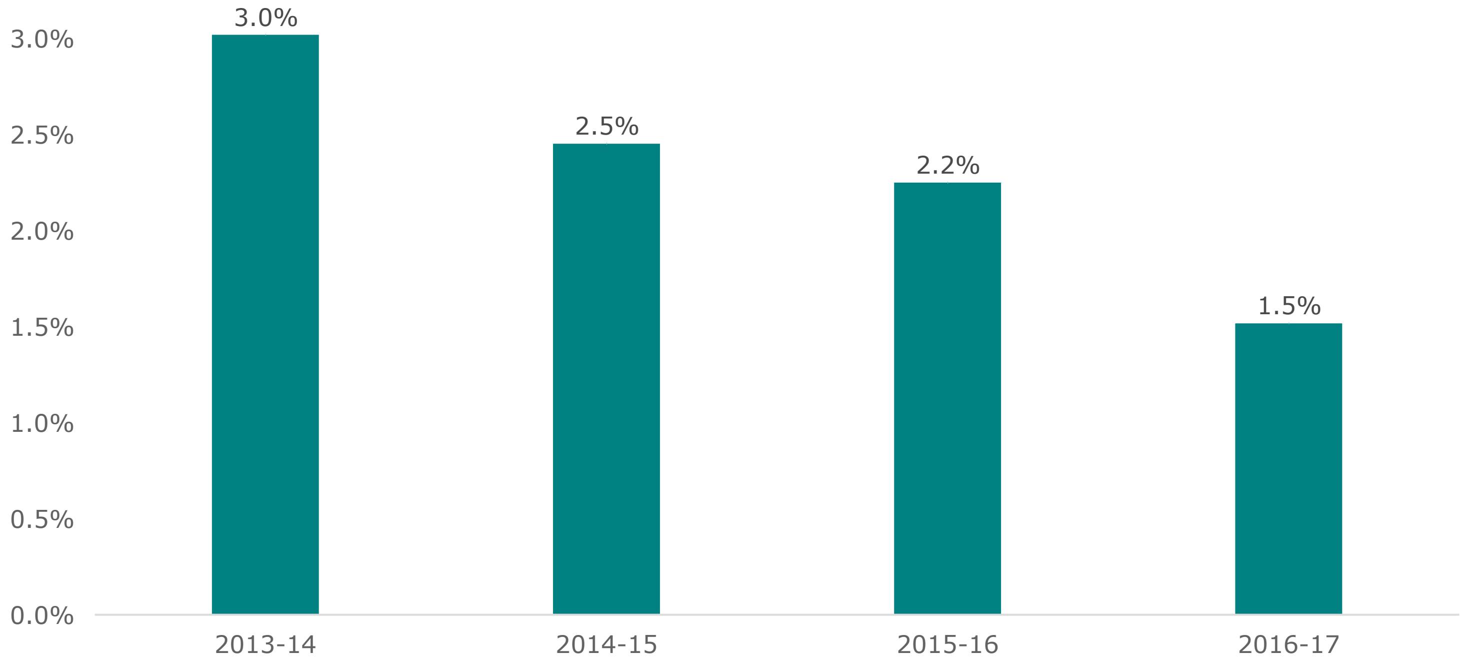
Notes:

(1) For discussion purposes only. Subject to change pending public release.

(2) Budget and Interim numbers are re-stated for BPS line by line reporting (no fiscal impact).

(3) Budget/Interim numbers may not add due to rounding.

Annual Program Expense Growth Rate: 2013-14 to 2016-17



Note: 2013-14 to 2016-17 program expenses have been restated for BPS line-by-line consolidation.

APPENDIX

Revenues – 2016-17 Interim vs. Actual

2016-17 Results (as of August 25)								
$ Millions	**Budget**	**Interim**	**2016-17 Actual**	**2015-16 Actual**	**Change from Budget**	**%**	**Change from Interim**	**%**
Revenues								
Tax Revenue	91,819	95,063	**94,346**	91,818	2,527	2.8%	(717)	-0.8%
Transfers from Government of Canada	25,138	24,819	**24,544**	23,141	(594)	-2.4%	(275)	-1.1%
Income from Government Business Enterprise	5,027	5,297	**5,567**	4,909	540	10.7%	270	5.1%
Fees, Donations and Other Revenue from Hospitals, School Boards and Colleges	7,404	7,683	**7,957**	7,493	553	7.5%	274	3.6%
Other Revenue	9,094	8,468	**8,320**	8,787	(774)	-8.5%	(148)	-1.7%
Total Revenue	138,482	141,330	**140,734**	136,148	2,252	1.6%	(596)	-0.4%

Consolidated Expense By Ministry Interim vs. Actual ($M)

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	Budget	2016-17 Interim	2016-17 Results	Budget Variance	Budget % Change	Interim Variance	Interim % Change
Aboriginal Affairs	77	99	128	51	66.2%	29	29.3%
Agriculture, Food and Rural Affairs	916	1,074	1,031	115	12.6%	(43)	-4.0%
Attorney General	1,868	1,942	1,937	69	3.7%	(5)	-0.3%
Board of Internal Economy	220	226	219	(1)	-0.5%	(7)	-3.1%
Children and Youth Services	4,346	4,392	4,379	33	0.8%	(13)	-0.3%
Citizenship, Immigration and International Trade	221	179	176	(45)	-20.4%	(3)	-1.7%
Community and Social Services	11,470	11,710	11,627	157	1.4%	(83)	-0.7%
Community Safety and Correctional Services	2,648	2,689	2,681	33	1.2%	(8)	-0.3%
Economic Development, Employment and Infrastructure/Research and Innovation	1,796	1,395	1,234	(562)	-31.3%	(161)	-11.5%
Education	26,545	26,726	26,581	36	0.1%	(145)	-0.5%
Teachers' Pension	(452)	(502)	(377)	75	-16.6%	125	-24.9%
Energy	393	926	920	527	134.1%	(6)	-0.6%
Environment and Climate Change	531	531	523	(8)	-1.5%	(8)	-1.5%
Executive Offices	44	49	47	3	6.8%	(2)	-4.1%
Finance	966	899	841	(125)	-12.9%	(58)	-6.5%
Interest on Debt	12,412	11,908	11,709	(703)	-5.7%	(199)	-1.7%
Municipal Partnership Fund	505	505	526	21	4.2%	21	4.2%
Power Supply Contract Costs	643	739	838	195	30.3%	99	13.4%
Government and Consumer Services	607	617	600	(7)	-1.2%	(17)	-2.8%
Health and Long-Term Care	55,786	56,345	56,025	239	0.4%	(320)	-0.6%
Labour	309	310	308	(1)	-0.3%	(2)	-0.6%
Municipal Affairs and Housing	1,060	1,541	1,544	484	45.7%	3	0.2%
Natural Resources and Forestry	819	862	859	40	4.9%	(3)	-0.3%
Northern Development and Mines	791	837	814	23	2.9%	(23)	-2.7%
Office of Francophone Affairs	6	5	5	(1)	-16.7%	-	0.0%
Tourism, Culture and Sport	1,339	1,537	1,540	201	15.0%	3	0.2%
Training, Colleges and Universities	10,198	10,182	10,131	(67)	-0.7%	(51)	-0.5%
Transportation	3,850	3,688	3,637	(213)	-5.5%	(51)	-1.4%
Treasury Board Secretariat	322	251	240	(82)	-25.5%	(11)	-4.4%
Contingency Fund	1,200	30	-	(1,200)	-100.0%	(30)	-100.0%
Employee and Pensioner Benefits	1,152	1,163	1,002	(150)	-13.0%	(161)	-13.8%
Year End Savings	(800)			800	-100.0%		
Total Expense	**141,788**	**142,855**	**141,725**	**(63)**	**0.1%**	**(1,130)**	**-0.8%**