Media Request - QP Briefing - First quarter

From:	"Koukoulas, Sophia (MOF)" <sophia.koukoulas@ontario.ca>
To:	"@OPO-Media Relations and Issues Management" <opo-mediarelationsandissuesmgmt@msgov.gov.on.ca>
Cc:	"Giroux Namian, Orli (MOF)" <orli.girouxnamian@ontario.ca>, "Martin, Jessica (MOF)" <jessica.martin@ontario.ca>
Date:	Fri, 11 Aug 2017 16:55:20 -0400
Attachments:	First Quarter Finances -- QP Briefing.doc (206.85 kB)

Hi all – see below for the original questions and response. Please let me know if we should make any changes! Many thanks

1. **To what extent are there concerns around a lukewarm housing market lowering land transfer tax revenues?**

   For prudent fiscal planning, our economic projections for real GDP growth, which is the basis for the revenue outlook, are set slightly lower than the average of private-sector forecast.

   The 2017 Budget forecast was based on a projected moderation in the pace of housing market activity, which included both sales and average prices.

   We will continue to monitor developments in the housing market and the implications of any changes.

2. **Why isn't the cost of borrowing for the Fair Hydro Plan included in the province's financial statements?**

   The interest expense projected in the 2017 Budget includes the cost of borrowing for the equity injection from the province to Ontario Power Generation as part of the Fair Hydro Plan.

3. **In the 2017-18 First Quarter Finances outline, the Expense section (under Section B: Details of In-Year Changes) seems to show a total of $118.4 million in various program expense projections. (That's on top of the $145 million spent through the early learning and childcare bilateral agreement which, I understand, will be offset by $145 million in revenue, also via that agreement). How will that $118 million be "accommodated within the fiscal plan?"**

   We have contingency funds built into our fiscal plan.

   Most of the investments highlighted in the first quarter update, such as funding to support the remediation of the English-Wabigoon River system from mercury contamination, will be offset by contingency funds.

   The rest of these investments are being funded by transfers from the federal government or between ministries.

From: Reynolds, Christopher [mailto:creynolds@qpbriefing.com]
Sent: August-11-17 1:14 PM
To: Giroux Namian, Orli (MOF)
Subject: RE: First quarter

One last question:

In the 2017-18 First Quarter Finances outline, the Expense section (under Section B: Details of In-Year Changes) seems to show a total of **$118.4 million** in various program expense projections. (That's on top of the $145 million spent through the early learning and childcare bilateral agreement which, I understand, will be offset by $145 million in revenue, also via that agreement).

How will that $118 million be "accommodated within the fiscal plan?"

Feel free to phone me at the number below. Thanks again,
Chris

Christopher Reynolds
Reporter
QP Briefing
416-212-5816
@ChrisAReynolds

-----Original Message-----
From: Reynolds, Christopher
Sent: Friday, August 11, 2017 12:35 PM
To: 'Martin, Jessica (MOF)'
Cc: Giroux Namian, Orli (MOF)
Subject: RE: First quarter

Thanks, Jess. A couple questions for you folks.

I understand that a one-percentage point change in either the number or prices of housing resales would amount to a $26-million change either way for the treasury. That's according to potential risks outlined in the budget. Minister Sousa has previously said his housing affordability plan may result in lower than projected revenue for the government if the housing market tempers - which it has. Then again, that might be offset by potential gains from the 15-per-cent tax slapped on foreign buyers.

So, to what extent are there concerns around a lukewarm housing market lowering land transfer tax revenues?

Also, why isn't the cost of borrowing for the Fair Hydro Plan included in the province's financial statements?

Thanks very much,
Chris

Christopher Reynolds
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416-212-5816
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-----Original Message-----
From: Martin, Jessica (MOF) [mailto:Jessica.Martin@ontario.ca]
Sent: Friday, August 11, 2017 12:29 PM
To: Reynolds, Christopher
Cc: Giroux Namian, Orli (MOF)
Subject: Re: First quarter

Hi Chris,

Thank you for your email. I'm off today but my Director of Comms, Orli (cc'd) will be happy to provide a statement.

Thanks!
Jess

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Reynolds, Christopher
Sent: Friday, August 11, 2017 11:29 AM
To: Martin, Jessica (MOF)
Subject: First quarter

Hi Jessica:
I was hoping to chat briefly about the first quarter finances, still en route to a balanced budget. Have a moment for a phone convo?
Cheers,
Chris
Christopher Reynolds
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416-212-5816
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