

RE: Topics/questions for our meeting tomorrow

From: "Hosick, Sarah (TBS)" <sarah.hosick@ontario.ca>
To: "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>
Date: Wed, 11 Apr 2018 14:46:07 -0400

Sure thing

From: Veinot, Cindy (TBS)
Sent: April 11, 2018 2:43 PM
To: Hosick, Sarah (TBS)
Subject: Re: Topics/questions for our meeting tomorrow

Can you add a hold to his calendar.

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Hosick, Sarah (TBS)
Sent: Wednesday, April 11, 2018 2:37 PM
To: Veinot, Cindy (TBS)
Subject: RE: Topics/questions for our meeting tomorrow

On it, will send you shortly.

Mark doesn't currently have this in his calendar, but his schedule is open so I could send him it if Karen agrees.

From: Veinot, Cindy (TBS)
Sent: April 11, 2018 2:26 PM
To: Hosick, Sarah (TBS)
Subject: FW: Topics/questions for our meeting tomorrow

See the end of the list of questions re: the AG ones – can you gather what we have on these.

I'm going to check in with Karen to see if she wants me to come back for part of this meeting that discusses these questions (no one else has asked these) or whether she wants to answer them or whether Mark can respond to them (does he have this meeting in his calendar?)

Thanks,

From: Bonnie Lemcke [<mailto:Bonnie.Lemcke@ofina.on.ca>]
Sent: April 11, 2018 2:17 PM
To: Lewis, Brian (MOF); Schuurman, Tim (MOF); Mayman, Gadi (OFA); Hughes, Karen (TBS); Veinot, Cindy (TBS); Kandeepan, Ken (OFA); Thompson, Scott (MOF)
Cc: Strathy, Anna (OFA); Birks, Ryan (MOF); Laughton, Patrick (TBS); Tarin, Ghufra (MOF); McLean, David (MOF)
Subject: Fwd: Topics/questions for our meeting tomorrow

Here is a list of questions from Fitch for tomorrow's meeting

Bonnie

Sent from my iPhone

Begin forwarded message:

From: "Block, Marcy" <marcy.block@fitchratings.com>
Date: April 11, 2018 at 2:09:50 PM EDT
To: "Bonnie Lemcke" (bonnie.lemcke@ofina.on.ca)" <bonnie.lemcke@ofina.on.ca>
Cc: "Offerman, Douglas" <douglas.offerman@fitchratings.com>
Subject: Topics/questions for our meeting tomorrow

Bonnie,

Per your request, listed below please find a fairly robust list of questions and/or topics that we would like to cover at our meeting tomorrow or shortly thereafter if time does not allow. The provision of these questions should not disrupt the province's budget presentation in any way (ie I do not want the meeting to revolve solely around providing answers to these questions). Please let me know if additional clarity is required:

Budget Approach:

1. Why has the province chosen to fund new program items (health care, free prescription drugs for seniors, free preschool, etc) through debt issuance rather than through revenue raising?
2. In your pre-budget discussions with the populace, did you ask if they would be willing to pay more to have these programs/services provided?
3. What was the impetus for this revised approach as compared to the recent multi-year path to fiscal balance?
4. Many of the new initiatives have multi-year timelines until the full program is offered (ex. extended health plan available in Summer 2019; free preschool begins in September 2020). What are the early action items required to begin on these offerings as compared to more tail-end action items?
5. What do you believe will be the province's approach to its Budget during a time of future economic slowdown given the current plan for deficits during a time of economic growth?
6. There has been much criticism of this planned multi-year period of deficits, including by us. How do you respond to this criticism?

The Economy:

1. Are you satisfied with the progress of the Fair Housing Plan or do you believe more action is needed to cool housing markets?
2. What has been the impact to economic growth from implementation of the Fair Housing Plan? Does the projected decline in nonresidential construction in 2018 reflect plan action?
3. Similar question for the projection for modest home resales in 2019. And then explain significant boost in home resales in 2020.
4. What has been the impact of the increase in the minimum wage on more moderately sized businesses and the economy in general? Has the cut in small business taxes been enough to stay employee reductions? How much has the province paid out so far for youth workers hired or retained, as announced in the fall?
5. Realizing that NAFTA negotiations are ongoing, what are the province's key concerns for a revamped agreement (ie what items being negotiated would pressure the province most if terms do not go in Canada's favor)?
6. What are the Budget's assumptions in regard to its trade relationship with the U.S.?

7. What is the projection for natural population growth over the next decade if immigration was netted out?

Debt and Capital

1. What is your strategy for managing exposure to foreign currencies? What are your targets for borrowing in foreign markets?
2. Can you provide some additional information on Canada's agreement to provide \$8.3 billion to Ontario for transit projects over the next ten years? Are any of these monies (including the Ontario match) included in the \$106 billion that Ontario expects to spend on transit and transportation projects?
3. The province recently filed plans to add \$1.1 billion to the Trillium Trust. Where are the proceeds being derived to make this deposit?
4. In comparing the 2017 Budget and the 2018 Budget; what new capital projects have been added and at what estimated cost?
5. Last year, we discussed how the Fair Hydro plan would cost the province \$2.5 billion each year for three years. Are these amounts being financed through debt issuance?
6. Province had articulated plans to achieve a net debt to GDP ratio of 27% in fiscal 2030 in the 2017 Budget. Is the province still holding to that targeted ratio and if yes, in what fiscal year is that target now expected to be reached?

Revenues

1. Regarding federal funding, what infrastructure projects were shifted into fiscal 2019 from fiscal 2018?
2. Aside from infrastructure funding, what level of support/commitment is the province counting on from the federal government?
3. On page 197 of the Budget; personal income taxes and Ontario Health Premium are lower by \$2.8 billion from budget. What are the factors behind the lower base from 2016 that is noted?
4. Conversely, what strengths or surprises came to light when processing corporate income tax returns for 2016 and 2017?
5. Page 198 of the Budget; can you explain the notation on the "re-categorization from sales and rentals to OPG net income of one-time OPG real estate transactions"?

Auditor General/Financial Statements

1. Has there been any attempt to resolve the differences with the Auditor General in regard to the pension asset application?
2. We would like to discuss both the qualified opinion due to the pension asset situation as well as the AG's comments on IESO accounting.
3. How does the province respond to the AG's criticism of out-year rate increases (at an indeterminate amount) required by the Fair Hydro Plan?

Thank you as always. We will see you tomorrow at 1 pm.

Best,
Marcy

Marcy S. Block
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