RE: FAO's Fall 2017 EFO

From: "Schuurman, Tim (MOF)" <tim.schuurman@ontario.ca>
To: David West <dwest@fao-on.org>, "Lewis, Brian (MOF)" <brian.lewis@ontario.ca>, "Hughes, Karen (TBS)" <karen.hughes@ontario.ca>
Cc: "Tarin, Ghufran (MOF)" <ghufran.tarin@ontario.ca>, "Birks, Ryan (MOF)" <ryan.birks@ontario.ca>, Luan Ngo <lngo@fao-on.org>, Edward Crummey <ecrummey@fao-on.org>, Nicolas Rhodes <nrhodes@fao-on.org>, "Laughton, Patrick (TBS)" <patrick.laughton@ontario.ca>, "Esmail, Selena (MOF)" <selena.esmail@ontario.ca>
Date: Fri, 24 Nov 2017 17:25:49 -0500
Attachments: 2017 EFO - Econ Chapter MOFTBScomments.docx (122.37 kB); 2017 EFO - Fiscal Chapter_Consolidated CommenntsMOFTBS.docx (153.6 kB)

David;

Thanks again for the opportunity to review and provide feedback/fact-checks and comments on the draft report. Please find attached a consolidated set of comments from MOF and TBS on the Economic and Fiscal Chapters.

We think there may be some value in having a follow-up call next week to discuss some of these pieces – but let us know what you think once you've reviewed. We're happy to arrange something.

Some of these more significant edits may require a conversations to clarify, including:

- The language and representation of the differences in accounting interpretations. We may have discussed this at the time of the Budget outlook document, but we think its important to get the language right in terms of how this is articulated so that it's a more objective and fact-based representation.

- In addition, it appears that the way the FAO has built in the AG's interpretation of the Fair Hydro Plan accounting treatment is incorrect – as the current presentation in this draft EFO shows it appearing on the revenue side (on OPG's net income) – instead, the AG's recommendation was that is an expense impact on consolidation from IESO and further that the IESO is not a GBE – so it impacts the way the section (and charts under that section) are currently presented. This will require a significant change to your numbers and presentation. This may require additional explanation, so let us know.

- There are also some comments related to FAO projections for the amount of borrowing, as well as references about above trend growth in key tax drivers – these were essentially that the forecast is consistent with historical growth/trends and private sector forecasts, and the importance to note where "one-time" revenues identified as such by the FAO are actually also fiscally neutral – so should not be linked to a fiscal gap contribution by these shorter-term revenues.

Tim Schuurman
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From: David West [mailto:dwest@fao-on.org]
Sent: November-22-17 11:42 AM
To: Schuurman, Tim (MOF); Lewis, Brian (MOF); Hughes, Karen (TBS)
Cc: Tarin, Ghufran (MOF); Birks, Ryan (MOF); Luan Ngo; Edward Crummey; Nicolas Rhodes; Hosick, Sarah (TBS); Laughton, Patrick (TBS)
Subject: RE: FAO's Fall 2017 EFO
Importance: High

Tim, Brian Karen

Please find attached drafts of Economic Outlook and Fiscal Outlook chapters from the FAO's upcoming 'Economic and Fiscal Outlook' report.
The chapters are password protected using the same password as in the past.

As in the past, we are on a very tight schedule to enable us to release this report in early December, before the Legislature rises for the holiday break.

However, please note that we are still waiting for the detailed program spending projection consistent with FES (see attached email request from last week). This information is essential to calibrate our models and ensure consistency with the government's projections. If we do not receive that information shortly, we will be forced to proceed with our own estimates which could impact the results and conclusions presented in the report. Please be aware that we will need to be clear with MPPs, during our technical briefing, that we did not receive all the additional background information that we requested. (We did, however, receive the detailed revenue information from FES last week. Thanks)

We are asking for your comments/concerns by end of day Friday (November 24).

Happy to set up a phone call to discuss.

Thanks again for your support and assistance.

David West
Chief Economist

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From: David West
Sent: November 20, 2017 10:18 AM
To: Tim Schuurman (Tim.Schuurman@ontario.ca) < Tim.Schuurman@ontario.ca >; Lewis, Brian (MOF) < Brian.Lewis@Ontario.ca >
Cc: Tarin, Ghufran (MOF) < Ghufran.Tarin@ontario.ca >; ryan.birks@ontario.ca ; Luan Ngo (lngo@fao-on.org) < lngo@fao-on.org >; Edward Crummey < ecrummey@fao-on.org >; Nicolas Rhodes (nrhodes@fao-on.org) < nrhodes@fao-on.org >
Subject: FAO's Fall 2017 EFO

Hello Tim, Brian,

As you are aware, we are preparing our Fall EFO for release in early December.

As in the past, we are planning to send you drafts of the 2 core chapters of the report (economic outlook and fiscal outlook) on Wednesday morning, for your comments. We will also provide the supporting data tables, providing additional details on the projection. The current report follows the basic template of our earlier EFOs, and may be a little shorter.

We would greatly appreciate receiving the Ministry's comments by Friday (November 24) end of day.

Thanks, as always, for your assistance.

David

David West
Chief Economist

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