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From:	Neil Brodie
Sent:	March 28, 2018 5:26 PM
To:	Rosemarie Leclair; Mary Anne Aldred
Subject:	2018 Ontario budget

References to OEB.

Chapter 2 – Growing the Economy and Creating Good Jobs

p.112-113 There is page on the Fair Hydro Plan. For illustration the OEB residential bill comparison is used showing that post-FHP Ontario's electricity bills are currently some of the lowest in North America.

Chapter 3 – Ontario's Economic and Fiscal Strength

p.214-215 A medium-term revenue change since 2017 budget table, shows a reduction in electricity revenue in 2018-19 and 2019-20 which the government attributes to:

> Electricity Revenue is projected to be higher in 2017–18 mainly due to higher net income from OPG reflecting the financial performance of OPG's Nuclear Funds and lower expenses. This increase is partially offset by the impact of the **2017 Ontario Energy Board (OEB)** rate decisions with respect to OPG and Hydro One, and lower, fiscally neutral, Power Supply Contract Recoveries. The decrease in 2018–19 mainly reflects revised estimated impacts of a Provincial accounting consolidation adjustment to OPG net income to reflect International Financial Reporting Standards under Public Sector Accounting Standards; lower, fiscally neutral Power Supply Contract Recoveries; and lower projected revenues from Hydro One due to the impact **of OEB rate decisions** during 2017.

References to Electricity

Chapter 2 - Growing the Economy and Creating Good Jobs

p.92 Reducing Ontario's Electricity Costs for businesses – reminds the FHP applies to small businesses paying the RPP, that more businesses are benfiting from the expanded ICI, and on April 1, 2018 the debt retirement charge will end for businesses.

p.93 Supporting Northern Businesses – continuing support through the improved Northern Industrial Electricity Rate (NIER) program

Chapter 3 – Ontario's Economic and Fiscal Strength

p.199-200 A chart on "In-year expense performance" shows Other Expenses reduced by $303M. This is attributed to:

> **Other programs expense is expected to be $303 million lower, mainly due to changes in timing of federal funding for municipal infrastructure projects and updated forecasts for electricity cost relief programs.**

p.223 Details of the Province's *Energy* expenses rising due to two factors. First a rise in Electricity Cost Relief Programs from $400M to $1.2B and $1.6B this year and next. Secondly, Strategic Asset Management and Transformation Related to Hydro One rising in the current fiscal year from ~$40M to $187M.

<u>Chapter 4 – Fairness and Opportunity through Partnerships</u>

p.258 Outlines the Provinces plan to connect northern remote communities to the transmission grid, Watay Power.

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<u>General highlights</u>

Ontario to run deficit until 2024-25
Ontario will run a **$6.7 billion deficit this year** and plans to stay in the red until 2024-25. The deficit will remain mostly unchanged in the medium term ($6.6 billion in 2019-20 and $6.5 billion in 2020-21) before shrinking at a faster rate between 2021 and 2024-25, when a small surplus is projected.

Budget forecasts shrinking GDP growth, lower job creation rates
After three years of GDP growth averaging at 2.7 per cent, the Ministry of Finance is projecting 2.2 per cent growth in 2018. GDP growth will drop to 1.8 per cent in 2019 and to 1.7 per cent in 2021. This is on par with Canada's national GDP growth projections.

Budget proposes changes to personal income tax rates
The Ministry of Finance is following through on a 2016 budget commitment to simplify the province's personal income tax (PIT). Budget 2018 proposes to stop charging provincial PIT as a surtax on federal tax, and instead apply the provincial PIT directly to taxable income.

Under the proposed changes, a person with a taxable income of $95,000 would see a $168 net increase to their personal taxes in 2018. The ministry said approximately 1.8 million individuals will pay about $200 more PIT on average. An additional 680,000 would see their PIT reduced by an average of $130.

OHIP+ expansion and more care for seniors
The government will expand OHIP+ beginning in August 2019 to eliminate annual deductibles and co-payments for seniors' drug prescriptions through the Ontario Drug Benefit. This $575 million annual program will save the average senior an estimated $240 each year.

With $1 billion in funding over three years, the Seniors' Healthy Home Program would help eligible seniors remain in their homes by paying each household up to $750 towards home maintenance expenses, beginning in 2019-20.

PC response
PC leader **Doug Ford** and Leader of the Opposition **Vic Fedeli** responded to the budgeton Wednesday afternoon. Welcomed by a Queen's Park reporter to his first budget lockup, Ford responded, "The only people that should be locked up are the Liberals, for this budget."
Ford took issue with the budget's changes to personal income taxes, saying, "Today's budget includes massive tax hikes that will hit 1.8 million people and their families."

NDP response
NDP leader **Andrea Horwath** said it's more important for **Kathleen Wynne** to make herself look good than to make people feel good, accusing her of picking and choosing who receives supports.

Horwath promised that her fully-costed campaign is on the way and will call on “the wealthiest among us” to step up and support investment in the system.

Miscellaneous

• An additional $500 million has been earmarked over three years to **expand broadband connectivity in rural and northern Ontario communities**, a key budget request from the Ontario Federation of Agriculture.

• $64 million over three years will be invested in enhancing the province’s **cybersecurity** practices and to attract and retain skilled talent to protect provincial data.

• The government’s recent **horseracing funding** announcement, which totaled nearly $2 billion over 19 years, was not mentioned in the budget.