

GDP AND TAX REVENUE

Southwestern Ontario's petroleum refining industry comprises four major operations: three refineries in Sarnia (Shell, Imperial and Suncor) and one at Nanticoke (Imperial). Those refineries are vital contributors to provincial and national GDP and government tax revenues.

Refining and distributing petroleum products fuels the daily mobility of millions of Ontarians and a broad ecosystem of companies that create value-added products. Ontario's refineries support production among a variety of goods and services suppliers, including a highly dynamic petrochemical industry.

A source of major investments in the province

Over the last 10 years, the province's refining industry has invested nearly \$2 billion in capital expenditures in Ontario alone. The four refineries plan to increase these expenditures to a total of \$2.4 billion over the next 10 years (2018 to 2027).

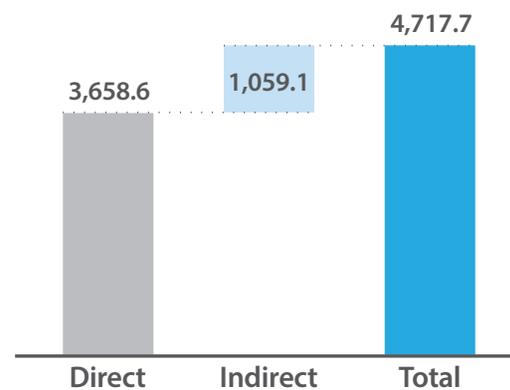
Excluding crude oil purchases, which constitute 83.4% of expenses, Ontario's refining industry made operational expenditures of more than \$1.5 billion in 2017.

Creating \$4.7 billion in added value each year

Ontario's four major refineries have an impact totaling \$3.66 billion on the economy annually. The sector's indirect impact in Ontario amounts to more than \$1 billion.

- Wages and salaries account for \$769 million.
- Refinery-supported GDP is comparable in size to Ontario's crop and animal production sector or the pulp and paper manufacturing sector. The refining industry generates economic activities equivalent to almost two-thirds of the direct contribution of the province's entire non-residential construction sector.

Direct and Indirect GDP Generated by the Refining Industry
Ontario, 2017; in \$ million

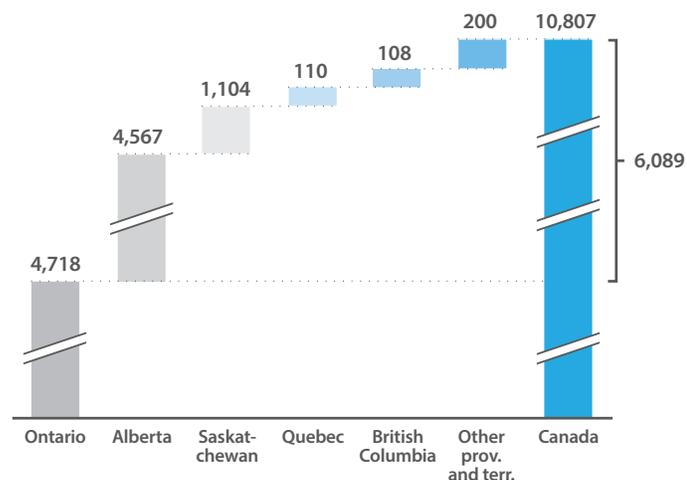


Source: Canadian Fuels Association, Statistics Canada, Aviseo Analysis

A source of major investments in the province

Ontario's refining industry generates almost \$11 billion for the Canadian economy as a whole, before induced impacts.

GDP generated by the Ontario Refining Industry by Province
Canada, 2017; in %, in \$ million



References: CFA, Aviseo Analysis

\$320 million in annual tax revenues to governments

Federal, provincial and municipal governments all benefit from refinery-related tax revenues. In 2017, the Ontario government collected nearly \$160 million.

- \$98.9 million directly from the refineries, mainly from taxes on profits.
- \$45.4 million indirect from suppliers including property taxes and corporate income tax.
- \$13.9 million flowed from induced revenue, which is generated as a result of consumption by direct and indirect employees.

The federal government has been able to rely on revenues totalling \$164.9 million.

Governments Revenues Annually Generated by the Ontario Refining Industry
Ontario and Canada, 2017, in \$ million

| | Direct | Indirect | Total |
|---------------------------------|--------------|-------------|----------------------------|
| Ontario | 98.9 | 45.4 | 144.3 |
| Provincial Income Tax (Workers) | 12.5 | 19.2 | 31.7 |
| HST | 2.2 | 2.2 | 4.4 |
| Other taxes ⁽¹⁾ | 84.2 | 24 | 108.2 |
| Government of Canada | 108.6 | 47.9 | 156.4 |
| Federal Income Tax (Workers) | 24.6 | 35.9 | 60.5 |
| GST | 2.3 | 4.7 | 7.1 |
| Other taxes ⁽¹⁾ | 81.6 | 7.2 | 88.9 |
| Total | 207.4 | 93.3 | 300.7⁽²⁾ |

(1) Other taxes include among others consumption taxes on specific goods, like gasoline, and tax on profit. (2) These tax revenues exclude income from induced spin-offs and property taxes. References: CFA, Budget of Ontario, Aviseo Analysis