Results-Based Plan Briefing Book 2009-10

RESULTS-BASED PLAN Briefing Book 2009-10

Ministry of Finance

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Part I: Published Results-based Plan 2009-10

Ministry of Finance

MINISTRY OVERVIEW

The Ministry of Finance supports the government's commitment to provide a strong and competitive economic, fiscal and investment climate for Ontario.

MISSION

The Ministry of Finance's mission is to promote a dynamic, innovative and growing economy, and to manage the fiscal, financial and related regulatory affairs of the Province of Ontario. To carry out this mission, the ministry will create a climate for economic growth and job creation in the province; promote the effective and efficient delivery of government services to taxpayers and reduce spending; ensure prudent management of the province's debt; and ensure that public organizations remain accountable to taxpayers for the use of their funds.

FUNCTIONS

The Ministry of Finance performs a variety of roles, all focused on supporting a strong economic, fiscal and investment climate for Ontario, while ensuring accountability with respect to the use of public funds.

As a central agency within the government, the ministry:

- provides key fiscal, taxation and economic policy advice and support to the Minister of Finance, Cabinet and the Premier;
- reports on the province's economic and fiscal plans and results to the public;
- prepares the provincial Budget and a mid-year fiscal and economic update (Fall Economic Statement); and
- promotes the principles of modern controllership within the Ontario Public Service and accountability for the use of public funds in all Ontario public sector institutions, including universities, hospitals and school boards.

In its line responsibilities, the ministry:

- manages the province's financing arrangements and provincial debt;
- regulates, through its agencies, the financial services sector, including security companies, pension funds and insurance industries; and
- manages the Ontario Municipal Partnership Fund, which is the province's main transfer payment to municipalities.

Ministry of Finance activities are designed to enable and provide the fiscal foundation for other activities in the Ontario Public Service.

Ministry of Finance
Contribution to Key Priorities and Results

Government of Ontario **Confronting the Challenge: Building Our Economic Future**			
Continue to invest in the Five-point economic plan	Help families and businesses affected by the global recession	Enhance Ontario's long-term competitiveness	Maintain and enhance Ontario's public services
↓			
Ministry of Finance: 2009-10 **Effective Economic, Fiscal and Financial Management for a Strong Ontario**			
Dynamic, innovative and growing economy	Effective management of financial and regulatory affairs		
↕			
Develop and implement sound economic and fiscal strategies, to create a climate for growth and job creation	Responsible regulation of financial sectors		
Monitor and report on the fiscal plan through the Ontario Quarterly Finances; the Economic Outlook and Fiscal Review; and the Ontario Budget	Ensure integrity of Provincial financial systems, processes and information		
Provide advice on key fiscal, taxation and economic policies	Reduce spending		
Develop effective policies, legislation and regulation governing the property assessment and taxation system	Ensure that OPS financial and risk management plans and processes meet the highest standards of integrity, accountability and transparency		
Maintain a fair and competitive tax system	Ensure that public organizations remain accountable to taxpayers for the use of public funds		
Ensure Ministry projects align with government priorities and policies	Create, direct and oversee policies to manage the Province's cash investment, debt financing, credit rating, investor relations and banking activities		
Invest in innovative programs to reduce costs and increase productivity	Prudent management of Provincial debt		

OVERVIEW – AREAS OF RESPONSIBILITY

The Ministry of Finance is responsible for a wide range of strategic services and activities as described below:

Office of the Budget and Taxation (OBT) advises and assists the Minister of Finance and the government in formulating the Ontario Budget and other economic and fiscal documents such as the "Transparency in Taxation" report.

OBT is also responsible for:

- the policy, design and quantitative analysis of commodity, corporate, payroll, personal and sales taxation;
- pension and income security policy and analysis;
- inter-governmental taxation and pension issues;
- research and analysis on Ontario's tax competitiveness and emerging economic and social trends in taxation, pension and income security policy; and
- overseeing the business plans and activities of the Liquor Control Board of Ontario and the government's Deposit Return Program for beverage alcohol containers.

Office of Economic Policy (OEP) provides the Minister of Finance with forecasts and analysis of provincial revenues, analysis and advice on the economic consequences of policy proposals, and advice and information on economic issues and trends. As well, OEP assists with the development of sound economic strategies that foster economic growth and job creation. It provides analysis and advice on project proposals coming forward for consideration through economic development programs, analysis and advice on the regulatory framework for financial institutions and the financial services sector, and population projections and analysis of demographic issues.

The office also represents Ontario in federal-provincial-territorial discussions regarding financial services policy, economic analysis and forecasting, fiscal planning and in negotiations with Statistics Canada.

The Office of Economic Policy will continue to provide advice on economic and financial market performance, regulation and policy in a challenging environment. The slowing global economy and deepening downturn in Ontario will result in intensified attention on economic developments, forecasts and policy. Turbulence in global financial markets will require increased attention to financial market regulatory issues, notably a common securities regulator in Canada, but also with respect to deposit taking institutions and the insurance industry. Significant structural changes to key Ontario sectors like auto and forestry will generate demands for emergency and restructuring assistance. There will be increased focus on long-term fiscal sustainability.

OEP expects specific interest in economic stimulus measures to boost the economy and create jobs, as well as a focus on policy initiatives to improve the long run prosperity of the province, including helping to transition the province towards a more innovative, greener, and low-carbon emissions economy.

Provincial-Local Finance Division (PLFD) provides advice on the development of policies, legislation and regulations governing the property assessment and taxation system in Ontario, including education property taxes and the business tax capping program. The division is also the government's lead on fiscal arrangements with the municipalities. It manages the $704 million[1] Ontario Municipal Partnership Fund (OMPF). Additional information on the OMPF can be found at http://www.fin.gov.on.ca/english/budget/ompf/.

The division will continue to implement the recommendations of the Provincial-Municipal Fiscal and Service Delivery Review (PMFSDR) that affect the OMPF. A key recommendation is the combined benefit strategy. Introduced in 2009, this strategy will provide municipalities with a combined benefit of $949 million in 2009: $704 million in OMPF funding; and $245 million in reduced costs from the uploads of the Ontario Drug Benefits(ODB) and Ontario Disability Support Program(ODSP) administration.

As a result of the PMFSDR, the division will also work with the Association of Municipalities of Ontario and the City of Toronto to review OMPF mitigation in advance of the 2010 OMPF Allocations.

[1] The $704 million for OMPF reflects the municipalities' fiscal year (January to December), which is different from provincial budget planning cycle (April to March).

Fiscal Strategy and Coordination Division (FSCD) provides analysis and support to Treasury Board/Management Board of Cabinet, particularly with regard to the Results-based Planning (RbP) and Estimates processes, development of the fiscal plan, federal-provincial fiscal relations and in-year expenditure monitoring.

The FSCD is also responsible for developing, monitoring and reporting on the fiscal plan and results for the Ontario Quarterly Finances, the Economic Outlook and Fiscal Review, and the Ontario Budget.

Office of the Provincial Controller Division (OPCD) provides accounting and financial management policy advice and support to the government. OPCD ensures that financial control policies and practices are in place to safeguard the province's assets and ensures the integrity of its financial systems, processes and information. The division also maintains the Public Accounts of the province and prepares the Annual Financial Report, Consolidated Financial Statements and the Public Sector Salary Disclosure. In addition, OPCD supports the preparation of the Provincial Budget, Ontario Quarterly Finances, the Pre-Election Report on Ontario's Finances and the Economic Outlook and Fiscal Review.

Looking forward, the division has identified the following priorities:

- maintain the Province's Public Accounts;
- prepare the Annual Financial Report, and Consolidated Financial Statements;
- prepare the Public Sector Salary Disclosure Report;
- support the delivery of the Ontario Budget, Fall Economic Statement, Pre-election Report and Quarterly Ontario Finances;
- ensure the integrity of the provincial financial systems, processes and information; and;
- improve the efficiency and effectiveness of the province's financial systems and processes.

Broader Public Service (BPS) – Supply Chain Secretariat administers the OntarioBuys program (more information can be found at http://www.fin.gov.on.ca/english/ontariobuys/) and works closely with ministries to ensure its projects are aligned with government priorities and policies. The OntarioBuys program accelerates the adoption of integrated supply chain and leading back-office practices by Ontario's broader public sector, in particular, hospitals, schools, colleges and universities. Savings generated by OntarioBuys projects are redirected to front-line services such as patient care and teaching.

Over the next two years, the secretariat will increase its advocacy of better communications and oversight practices, through initiatives like the new Supply Chain Guideline, which incorporates key supply chain principles, such as a Code of Ethics, standards and metrics. The secretariat will also continue to encourage performance oversight (metrics/standards/process reviews), knowledge sharing, and rolling out project management and implementation tools to its partners in the BPS.

The secretariat will also focus on pilot projects that can demonstrate the potential to improve service delivery in the BPS by supporting efficiencies in back-office or support activities. Innovations that support green efficiencies will also be supported.

Ontario Internal Audit Division (OIAD) provides value-added control, risk and consulting services, as well as independent and objective assurance services to the ministries and agencies of the Government of Ontario. The division's overall objective is to ensure that the Ontario government's financial, operational and risk management plans and processes meet the highest standards of integrity, accountability and transparency.

Looking forward, the division will continue to play a prominent role in helping the OPS manage risk and control more effectively. In this time of fiscal constraint and accountability, OIAD will evolve its services to deal with the most important priorities in government, for example, the Financial Assurance Program. Internally, OIAD will look at ways to streamline its operations. Increased automation and new audit tools will be explored to maximize audit time and increase coverage.

Main Office includes the offices of the Minister, who is also the Cabinet member responsible for the Ministry of Revenue, Parliamentary Assistant and Deputy Minister.
Staff provide professional and technical support for the legislative policy making and administrative responsibilities of the Minister and Deputy Minister.

Financial and Administrative Services provides strategic executive decision and controllership support services to the Ministry of Finance and Ministry of Revenue. This includes corporate strategic planning, resource monitoring and risk management, program analysis, controllership, accounting, administrative, facilities portfolio, business continuity, emergency and security planning, document production.

Strategic Human Resources Services provides strategic and advisory human resources (HR) services to Ministry of Finance and Ministry of Revenue senior executives to ensure that both ministries have the right people, in the right place, at the right time in order to continue to be high performing organizations that achieve their business objectives.

Communications and Corporate Affairs provides strategic communications advice and planning to the Minister of Finance/ Revenue, the Deputy Ministers of Finance and Revenue, all ministry divisions and where appropriate, other ministries. These services include:

- communications planning for ministry programs, policies and initiatives;
- co-ordination and leadership of the ministries' public and internal web sites;
- issues management; developing communications policies for the ministries;
- responding to public and media enquiries;
- advertising strategies and implementation;
- news releases, event planning, media monitoring and analysis, communications evaluation and speeches;
- tracking and coordinating responses to all ministerial correspondences; and
- providing information and research support to ministry staff in their policy role.

Looking forward, the branch has identified the following priorities:

- build the internal capacity to introduce new web technologies for ministry staff;
- redesign the Internet site in line with the new corporate look from Cabinet Office;
- streamline contracts for online clipping services;
- improve search function for library resources;
- further improve correspondence turnaround times;
- successful delivery of the Ontario Budget, Fall Economic Statement, their related communications services; and
- plan for more communication events and venues to support ministry new/priority programs and initiatives.

Legal Services counsels the Ministry of Finance and the Ministry of Revenue on the interpretation of statutes and regulations and the preparation and review of proposed legislation, regulations, and other legal documents. General legal services include litigation, prosecutions, settling claims, drafting agreements and provincial legislation, providing legal advice on government financial matters, tax policy, administration and enforcement and the issue and sale of Government of Ontario securities.

Audit Services The Finance and Revenue Audit Service Team (FRAST) of the Ontario Internal Audit Division (OIAD) provides value added control, risk and consulting services, as well as independent and objective assurance services to the Ministry of Finance, Ministry of Revenue and some of their agencies. FRAST's overall objective is to ensure that the ministries' financial and risk management plans and processes meet the highest standards of integrity, accountability and transparency.

Central Agencies Information & Information (I&IT) Technology Cluster (CAC) supports central agency ministries with innovative, cost-effective, customer-focused I&IT business services and comprehensive solutions. CAC is responsible for providing an integrated, seamless approach to meet the ministries' needs. The cluster ensures that I&IT plans and projects align with the Ontario government's business agenda and service delivery strategies.

CAC will continue to collaborate with central agency ministries to lead and transform the delivery of government programs and services. CAC's approach is to continually stay ahead of emerging I&IT trends and to anticipate and be responsive to customers' changing needs.

CAC's strategic priorities support Ontario's I&IT Vision, "An Ontario where people, information and technology drive innovation and excellence in public service." In 2009-10, Central Agencies I&IT Cluster will focus on five strategic priorities:

1. Enhance I&IT service delivery;
2. Provide proactive, value-added I&IT strategy and planning services;
3. Implement the corporate I&IT strategy;
4. Deliver innovative and customer focused solutions; and
5. Enhance employee engagement.

Revenue Operations and Client Services Branch (ROCSB) helps the Ontario government maximize the province's cash flow and investment flexibility with same day deposit and reporting. The branch provides cost effective remittance, data and image processing for all taxes, fines and fees collected by the Ministry of Finance and its agencies and through partnership with various other provincial ministries and government bodies. ROCSB also provides strategic advice to senior executive and Project and Change Management Services for new client programs that leverage ROCSB core services (i.e. remittance, data and image capture and revenue accounting operations), in support of key Ministry of Finance and Ministry of Revenue business processes and deliverables.

AGENCIES, BOARDS AND COMMISSIONS

Deposit Insurance Corporation of Ontario (DICO) protects depositors in credit unions and caisses populaires by providing deposit insurance within statutory limits and establishing standards of sound business and financial practices. It has the power to inspect and supervise the operations of credit unions and caisses populaires in difficulty. In addition, it administers the affairs of credit unions and caisses populaires that have insufficient capital and provides financial assistance to these institutions when necessary, conducting orderly liquidations and making direct payments to depositors. The Corporation's administrative costs and insurance funding are provided by an annual insurance premium paid by all credit unions and caisses populaires that conduct business in the Province of Ontario.

Looking forward, DICO will continue to be vigilant and proactive, particularly in this uncertain economic environment, in identifying and managing unacceptable levels of risk. As revisions to the *Credit Union and Caisses Populaires Act* are implemented, DICO will work with the Financial Services Commission of Ontario, the Ministry of Finance and the industry to ensure a smooth transition of responsibilities and to provide clarity for all of its insured institutions.

Financial Services Commission of Ontario (FSCO) regulates the province's financial services sector, including insurance companies, pension plans, credit unions, caisses populaires, mortgage brokers, agents and administrators, loan and trust companies, and co-operatives. FSCO also makes recommendations to the Minister of Finance on matters affecting these sectors. In addition, FSCO is responsible for the administration of the Motor Vehicle Accident Claims Fund (MVACF), which compensates people injured in automobile accidents in Ontario where there is no other insurance available to respond to the claim. FSCO is also responsible for the administration of the Pension Benefits Guarantee Fund (PBGF), which pays a minimum level of pension benefits if a plan is wound up with insufficient assets.

FSCO works with consumers, industry stakeholders and investors to protect the public interest, enhance public confidence, and create a business climate that promotes Ontario's domestic and international competitiveness.

Looking forward, FSCO has established the following strategic priorities:

- continuous improvement in the delivery of services;
- conduct FSCO's activities in accordance with risk-basedprinciples; and
- foster a coordinated national approach to regulatory issues.

Financial Services Tribunalis an independent, adjudicative body that conducts hearings arising from regulatory and proposed regulatory decisions of the Superintendent of FSCO. The Tribunal has exclusive jurisdiction to exercise the powers conferred under the *Financial Services Commission of Ontario Act, 1997* and other acts that confer powers or assign duties to the Tribunal.

Liquor Control Board of Ontario (LCBO) - The LCBO is a Government of Ontario Crown Corporation established in 1927 under the *Liquor Control Act* to control the importation, distribution, pricing, and sale of beverage alcohol in the province in an efficient and socially responsible manner. The LCBO's mandate is reflected in its mission statement, five-year strategic plan and annual business plan. The agency establishes social reference pricing, which sets the lowest price at which alcohol can be sold, and maintains other social responsibility measures to curb the misuse of beverage alcohol. The corporation directly operates 600 retail stores, five warehouses and 200 retail agency stores across Ontario.

The LCBO is classified as an Operational Enterprise Agency, meaning that it sells goods or services to the public. Its assets, expenses and net income are consolidated in the province's financial statements on the modified equity basis. This means that the agency's net income is reported on one line (Income from Investment in Government Business Enterprises) and its net assets are reported on another line (Investment in Government Business Enterprises). For additional financial information, see the LCBO annual report available on the agency's website at www.lcbo.com/annualreport.

Profits distributed to the province by LCBO (e.g. dividends) are deposited into the Consolidated Revenue Fund and recorded by the Ministry of Finance as revenues.

Ontario Economic Forecast Councilis an advisory agency established by the Minister of Finance to provide advice on the macroeconomic outlook as required by the *Fiscal Transparency and Accountability Act*. Council members review the economic assumptions underlying the Budget and the Ontario Economic Outlook to verify that the forecast is a reasonable basis for planning. During this process, the Council meets with Ministry of Finance staff to discuss emerging economic trends.

Ontario Electricity Financial Corporation (OEFC)is the legal continuation of the former Ontario Hydro and is responsible for managing that organization's legacy debt and other liabilities. The OEFC receives risk management, cash management, banking and accounting services from the Ontario Financing Authority (OFA) in order to manage and retire the outstanding debt and derivative contracts of the former Ontario Hydro.

Ontario Financing Authority (OFA) manages the borrowing, debt, investment and cash management activities of the province and the Ontario Electricity Financial Corporation (OEFC). It is responsible for financial risk management activities and cash and debt management services. In addition, the OFA provides financial advice to the government on financing proposals related to capital infrastructure, venture capital investments and also provides long-term loans to school boards, colleges, hospitals and certain Crown corporations.

Looking forward, the OFA will:

- meet the province's borrowing requirements;
- provide debt financing to public bodies;
- provide timely and cost efficient banking and cash management services to the OPS;
- support the OEFC in both administrative requirements and the provision of debt financing to Ontario Power Generation (OPG) Inc.;
- administer the Ontario Nuclear Funds Agreement; and
- provide financial advice on provincial policy initiatives, including those with financial and economic implications for the electricity sector.

Ontario Securities Commission (OSC) is a self-funded arm's length crown corporation which provides securities regulation in the province. The OSC's mandate is to provide protection to investors from unfair, improper or fraudulent practices, and to foster fair and efficient capital markets and confidence in capital markets within the framework imposed by the legislation which the OSC administers and enforces. The OSC is included in the Ministry of Finance's Expenditure Estimates on a consolidated basis.

Looking forward, the OSC has identified the following strategic goals for the next five years:

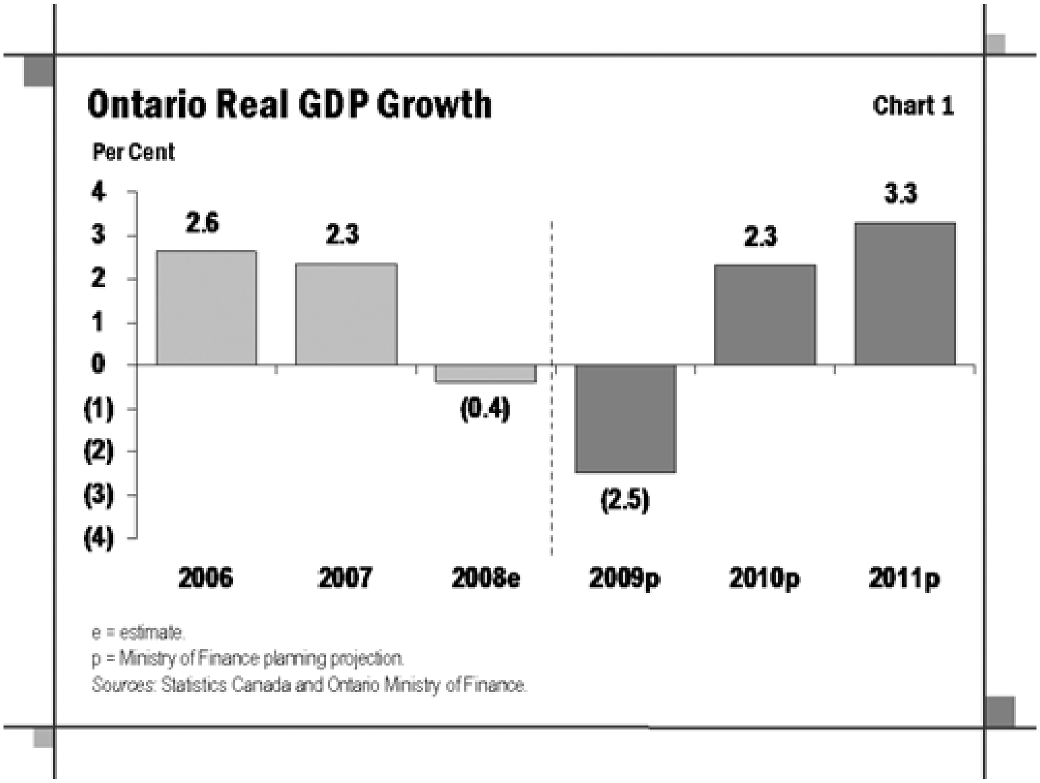
- identify the important issues and address them in a timely way;
- deliver fair, vigorous and timely enforcement and compliance programs;
- champion investor protection, especially for retail investors; and
- support and promote a more flexible, efficient and accountable organization.

Stadium Corporation of Ontario Limited (STADCO) was incorporated on August 1, 1984 under the *Business Corporations Act*. The Minister of Finance is the sole shareholder. STADCO has ongoing responsibilities for liabilities and obligations resulting from its past construction, operation, maintenance and ownership interest in the Rogers Centre, including the obligation to provide permanent bus parking for the Centre.

Agencies, Boards and Commissions – Financial Summary ($M)

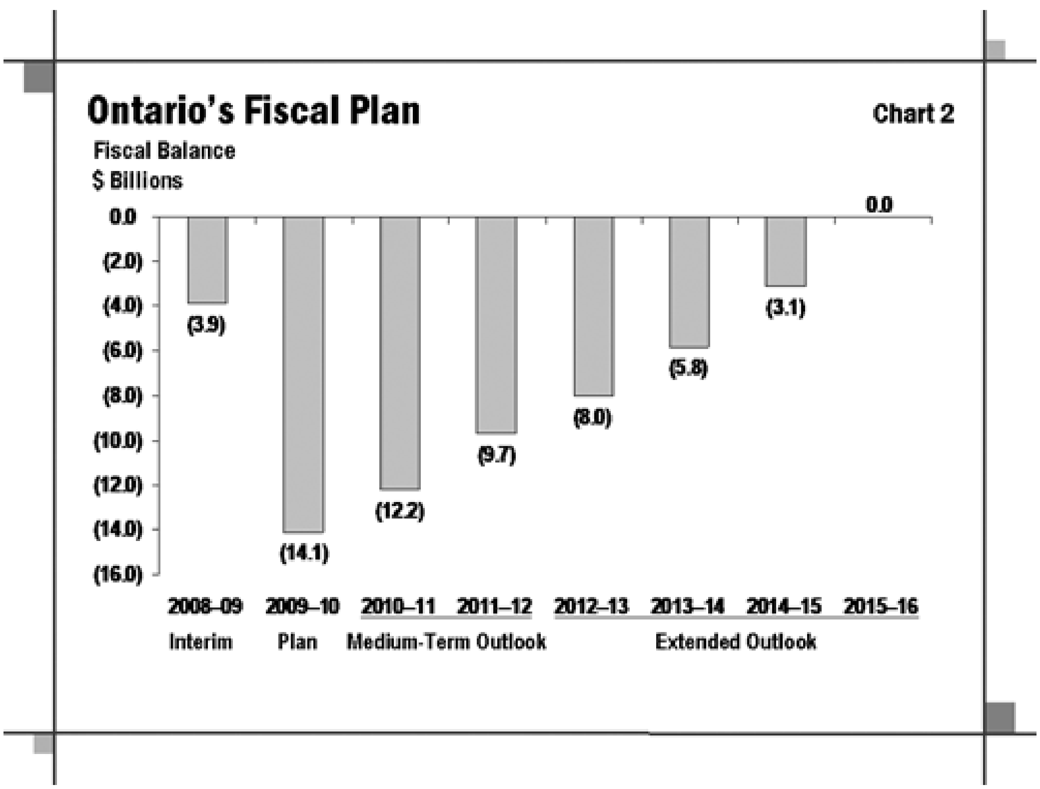
Name	2009-10 Estimates		2008-09 Interim Actuals		2007-08 Actuals	
	Expenditures	Revenues	Expenditures	Revenues	Expenditures	Revenues
FSCO	65.8	61.3	54.5	53.7	52.6	52.0
OEFC	720.0	2,957.5	991.0	3,098.0	571.0	2,860.0
OFA	18.6	19.4	18.3	19.0	15.0	15.1
OSC	90.4	51.5	85.1	67.4	73.6	78.3

Confronting the Challenge: Building Our Economic Future
Economic Outlook and Key Fiscal Plan



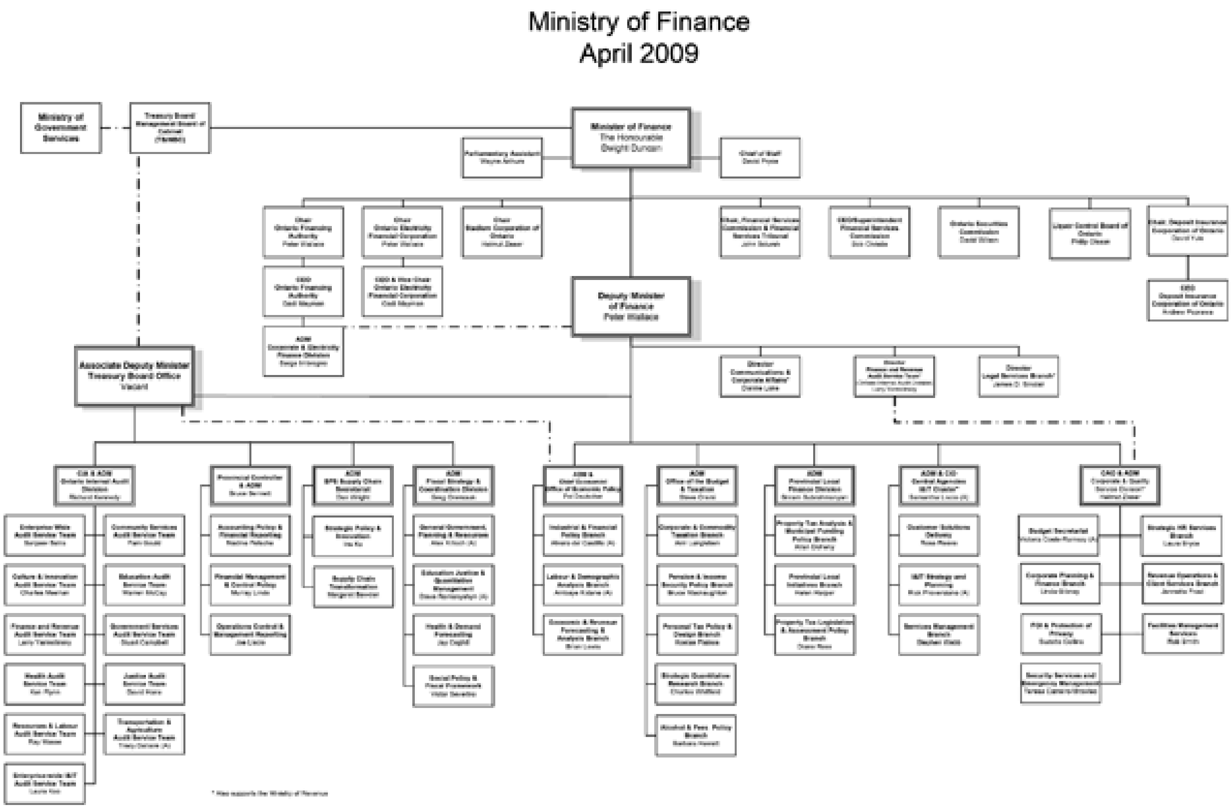
Source: 2009 Ontario Budget p.47

The global economic outlook has deteriorated significantly since the fall of 2008. The current recession is expected to persist through the first half of 2009. Growth in the global economy is expected to resume within the next year. The Ontario economy is expected to follow the same recovery pattern as the U.S. economy, with growth in Ontario expected to resume during the latter half of 2009 and to gain momentum in 2010 and 2011.



Source: 2009 Ontario Budget p.48

The 2009 Ontario Budget forecasts a deficit of $3.9 billion for 2008-09. The deficit is expected to reach its peak of $14.1 billion in 2009-10. Going forward, government core program spending is projected to increase by 3.6 per cent, below the government's forecast of 3.8 per cent in revenue growth over the same period. Holding spending below revenue growth is key to the government's fiscal recovery plan to balance the budget by 2015-16.



[Printer-friendly version of the organization chart](http://www.fin.gov.on.ca/english/about/rbplanning/rbp2009-10.html)

LEGISLATION

The following is a list of the legislation for which the Ministry of Finance has primary legislative or administrative responsibility, sorted by the core business and the item or sub-item.

Tax Policy, Budget and Revenue Operations

<u>Item 1202-1: Budget and Taxation Policy</u>
City of Toronto Act, 2006 (joint)
Commercial Concentration Tax Act (shared with Ministry of Revenue)
Community Small Business Investment Funds Act (shared with Ministry of Revenue)
Corporations Tax Act (shared with Ministry of Revenue)

Crown Foundations Act, 1996
Employer Health Tax Act (shared with Ministry of Revenue)
Estate Administration Tax Act, 1998 (shared with Ministry of Revenue)
Fuel Tax Act (shared with Ministry of Revenue)
Gasoline Tax Act (shared with Ministry of Revenue)
Highway Traffic Act (only specified provisions) (shared with Ministry of Revenue)
Income Tax Act (shared with Ministry of Revenue)
Land Transfer Tax Act (shared with Ministry of Revenue)
Liquor Control Act
Mining Tax Act (shared with Ministry of Revenue)
Ministry of Revenue Act (shared with Ministry of Revenue)
Ontario Guaranteed Annual Income Act (shared with Ministry of Revenue)
Ontario Home Ownership Savings Plan Act (shared with Ministry of Revenue)
Pension Benefits Act (joint with the Financial Services Commission of Ontario)
Race Tracks Tax Act (shared with Ministry of Revenue)
Retail Sales Tax Act (shared with Ministry of Revenue)
Small Business Development Corporations Act (shared with Ministry of Revenue)
Succession Duty Act Supplementary Provisions Act, 1980 (shared with Ministry of Revenue)
Taxation Act, 2007 (shared with Ministry of Revenue)
Taxpayer Protection Act, 1999
Tobacco Tax Act (shared with Ministry of Revenue)

Economic, Fiscal and Financial Policy

Item 1203-1: Economic Policy

Statistics Act

Item 1203-5: Provincial-Local Finance Division

Assessment Act
City of Toronto Act, 2006 (joint)
Education Act (joint)
Electricity Act, 1998 (only specific provisions) (joint)
Municipal Act, 2001 (joint)
Municipal Property Assessment Corporation Act, 1997
Provincial Land Tax Act, 2006 (shared with Ministry of Revenue)
Tax Incentive Zones Act (Pilot Projects), 2002
Tax Increment Financing Act, 2006

Item 1203-8: Treasury Board Office

Auditor General Act
Capital Investment Plan Act, 1993
Financial Administration Act
Fiscal Transparency and Accountability Act, 2004
Interim Appropriation Acts

Investing in Ontario Act, 2008
Ministry of Treasury and Economics Act
Public Sector Salary Disclosure Act, 1996
Supply Acts
Treasury Board Act, 1991

Financial Services Industry Regulation

Item 1204-1: Financial Services Commission of Ontario

Automobile Insurance Rate Stabilization Act, 2003
Compulsory Automobile Insurance Act
Co-operative Corporations Act
Credit Unions and Caisses Populaires Act, 1994
Financial Services Commission of Ontario Act, 1997
Insurance Act
Loan and Trust Corporations Act
Marine Insurance Act
Mortgage Brokerages, Lenders and Administrators Act, 2006
Pension Benefits Act
Prepaid Hospital and Medical Services Act
Registered Insurance Brokers Act

Item 1204-2: Motor Vehicle Accident Claims Fund

Motor Vehicle Accident Claims Act

Securities Regulation
Canadian Public Accountability Board Act (Ontario), 2006
Commodity Futures Act
Securities Act
Toronto Futures Exchange Act
Toronto Stock Exchange Act
Trust Beneficiaries' Liability Act, 2004

Treasury

Statutory Item: Interest on Debt for Provincial Purposes

Capital Investment Plan Act, 1993
Electricity Act, 1998 (joint)
Financial Administration Act
Ontario Loan Acts

Other

MPPs Pension Act, 1996
Province of Ontario Savings Office Act, 1990
Province of Ontario Savings Office Privatization Act, 2002
Skydome Act (Bus Parking), 2002
Social Contract Act, 1993
Unclaimed Intangible Property Act, 1990

SUMMARY FINANCIAL INFORMATION

Table 1: Ministry Planned Expenditures 2009/10 ($M)

	Ministry Planned Expenditures 2009/10
Operating	**14,923.2**
Capital	**4.4**
TOTAL	**14,927.6**

Table 2: Operating and Capital Summary by Vote

Votes/Programs	Estimates 2009/10	Change from 2008/09 Estimates		Estimates 2008/09	Interim Actuals 2008/09	Actuals 2007/08
	$	$	%	$	$	$
OPERATING AND CAPITAL EXPENSE						
Ministry Administration	102,972,200	(32,014,000)	(23.7)	134,986,200	127,931,400	121,248,240
Tax Policy and Budget	16,752,000	(25,302,100)	(60.2)	42,054,100	34,329,200	13,510,061
Economic, Fiscal and Financial Policy	4,624,160,600	2,659,514,100	135.4	1,964,646,500	1,359,549,200	1,478,850,281
Financial Services Industry Regulation	4,452,000	(3,949,000)	(47.0)	8,401,000	2,813,600	1,443,481
Central Agencies I&IT Cluster						
Results Office	-	-		-	-	3,050,552
Investing in Ontario	1,000	-	0.0	1,000	1,000	1,148,985,655
Total Operating and Capital Expense to be Voted	4,748,337,800	2,598,249,000	120.8	2,150,088,800	1,524,624,400	2,767,088,270
Statutory Appropriations	-	-		-	-	-
Treasury Program	8,475,243,400	671,643,400	8.6	7,803,600,000	7,811,870,000	7,780,237,545
Other Statutory Appropriations	67,014	-	0.0	67,014	1,078,614	64,014
Amortization, the Financial Administration Act	372,000	372,000		-	-	-
Total Operating and Capital Expense	13,224,020,214	3,270,264,400	32.9	9,953,755,814	9,337,573,014	10,547,389,829

Consolidation and Other Adjustments	1,703,530,600	27,643,400	1.6	1,675,887,200	2,179,242,267	1,806,885,081
Total Operating and Capital Including Consolidation & Other Adjustments	14,927,550,814	3,297,907,800	28.4	11,629,643,014	11,516,815,281	12,354,274,910
OPERATING AND CAPITAL ASSETS						
Ministry Administration	6,151,000	6,151,000		-	-	-
Economic, Fiscal and Financial Policy	19,000	18,000		1,000	-	-
Financial Services Industry Regulation	551,000	551,000		-	-	-
Total Operating and Capital Assets to be Voted	6,721,000	6,720,000		1,000	-	-

Appendix: 2008-09 Annual Report Ministry of Finance

2008-09 Achievements

The Ministry of Finance is responsible for a wide range of strategic services and activities in support of the Ontario Government's key priorities. These are some highlights of the ministry's achievements in 2008-09.

Office of the Budget and Taxation

- Supported the development and coordination of the 2009 Budget that lays out a plan to create jobs and help families affected by the global economic crisis and positions Ontario to become more competitive for a more prosperous future.
- Developed a comprehensive tax reform package for the 2009 Budget, including proposals to move to a single, value-added sales tax on July 1, 2010, $10.6 billion in tax relief for people over three years and $4.5 billion in tax relief for businesses over three years that would help make Ontario one of the most competitive jurisdictions in the industrialized world for new investment.
- Provided support to the government in reaching a memorandum of agreement with the federal government to move to a single, value-added sales tax, including $4.3 billion in federal transitional assistance. Subject to legislative approval, moving to a single sales tax administered by the Canada Revenue Agency would save Ontario businesses more than $500 million a year in compliance costs.
- Provided operational support to the Expert Commission on Pensions, which reported in the fall of 2008 and conducted the first review of Ontario's pension system in twenty years, as well as provided policy and analytical support to the government in proposing several key pension reform measures in the 2009 Budget, such as simplified rules that apply on marriage breakdown, amendments to the *Pension Benefits Act* to affirm the Pension Benefit Guarantee Fund's self-sustaining status and expanded mandate for the Teachers' Pension Plan.

Office of Economic Policy

- Provided analysis of the year's unexpected economic developments, including financial market instability, a recession in the

U.S. economy, volatile oil prices and fluctuations in the value of the Canadian dollar.

- Delivered the 2008 Economic Outlook and Fiscal Review required by FTAA. (*Fiscal Transparency and Accountability Act, 2004*)
- Provided policy analysis and advice to support development of the 2009 Budget. Supported the Government's Five Point Economic Plan by providing expert analysis and advice on effective policy and program design for inclusion in the Budget and the Fall Economic Statement.
- Developed amendments to legislation and regulation governing the financial sector in Ontario (Credit Unions, Mortgage Brokers). Provided analysis and advice to support Ontario's long-standing commitment to a Common Securities Regulator, and announced plans to engage with the federal government and other provinces and territories to resolve key issues.
- Provided analytical and policy research support to Cabinet Office and ministries on issues ranging from the Poverty Reduction Strategy for Ontario to the auto sector and implementation of the Skills to Jobs Action Plan. Supported the delivery of major economic development programs such as the Next Generation of Jobs Fund, the Advanced Manufacturing Investment Strategy and the Forest Prosperity Fund.

Provincial Local Finance Division

- Provincial-Municipal Fiscal and Service Delivery Review (PMFSDR) was successfully concluded in October 2008, resulting in the upload of the Ontario Drug Benefit (ODB) (completed in January 2008), Ontario Disability Support Program (ODSP) (beginning in 2009), Ontario Works (OW) benefits (beginning in 2010) and Court Security costs (beginning in 2012). These uploads will provide municipalities with a net benefit of $1.5 billion a year by 2018.
- Successfully incorporated the PMFSDR recommendations into the 2009 Ontario Municipal Partnership Fund (OMPF) allocations which will provide $704 million[2] to 387 municipalities. As part of the combined benefit strategy, municipalities will also benefit from a $245 million reduction in their social program costs resulting from the uploads in 2009. In addition, payments were issued to municipalities in respect of the final reconciliations for the 2006 and 2007 OMPF.
- Implemented key changes to stabilize the property tax system, including the introduction of a four-year reassessment cycle and mandatory phase-in of property assessment increases starting in 2009.
- Continued implementation of the $540 million cut to high Business Education Tax rates over seven years and announced accelerated reductions for northern businesses.
- Worked toward implementation of Provincial Land Tax (PLT) reform effective January 2009; held public information sessions, worked with stakeholders to transition school board localities and local roads and services boards to the new assessment base.

[2] The $704 million for OMPF reflects the municipalities' fiscal year (January to December), which is different from provincial budget planning cycle (April to March).

Fiscal Strategy and Coordination Division

- Led the coordination and monitoring of the province's fiscal plan and outlook and played a key role in developing the 2009 Budget, 2008 Economic Outlook and Fiscal Review, and quarterly updates of the province's finances.
- Provided advice and analysis to the Minister, Treasury Board, Management Board of Cabinet and other committees of Cabinet on government fiscal policy and specific program expenditures.
- Provided analysis and advice to ministries in support of the development of their multi-year Results-based Plans and in-year Treasury Board/Management Board of Cabinet submissions. In addition, continued to promote effective partnerships with ministries and agencies to support sound, timely decisions and the delivery of priorities.
- Provided ongoing support to the Premier and the Minister of Finance that resulted in an economic action plan from the federal government, increased infrastructure funding, securing Ontario's fair share of Equalization payments and Canada Health Transfers, and the creation of a southern Ontario development agency.
- Provided corporate leadership and oversight, ensuring ongoing implementation and use of accepted OPS performance measurement standards, guidelines, corporate measures and tools to promote continuous improvement. In addition, provided key input in the development and implementation of various corporate policies and related support tools, such as Transfer Payment Accountability (TPAD) and the Agency Establishment and Accountability Directives.

Office of the Provincial Controller

- Delivered in a timely manner the 2007-08 Annual Financial Report, Consolidated Financial Statements, and Disclosure for 2008 under the *Public Sector Salary Disclosure Act, 1996 report.*
- Strengthened accountability by continuing to work with the Auditor General to ensure transparency in the government's financial reports, including the application of public sector accounting standards dealing with accounting for financial instruments, government transfers and consolidation of the Broader Public Sector (hospitals, school boards and colleges).
- Worked to improve accounting standards through continued support for the inter-jurisdictional Deputy Minister /Public Sector Accounting Board (PSAB) Joint Working Group initiative. Through active participation in the Joint Working Group's activities, OPCD was able to contribute to the successful development and delivery of important recommendations covering PSAB's governance and standard setting processes, PSAB's conceptual framework, and specific matters of concern impacting the quality of government financial reporting.

Broader Public Sector – Supply Chain Secretariat

- Prepared draft Supply Chain Guideline to support and improve BPS supply chain activities. It incorporates foundational supply chain principles, including a Supply Chain Code of Ethics and standards.
- Funded 75 hospitals representing 70 per cent of the sector through OntarioBuys to help modernize and streamline their systems for ordering, storing and paying for supplies. Hospitals that received early funding are already experiencing lower unit costs, reduced inventory levels with fewer stockouts and less time spent by nurses searching for supplies. Once fully implemented across the hospital sector, savings of more than $50 million annually are expected, with improved productivity and internal service quality. Annual savings have already exceeded $12 million and internal service levels have been improved.
- Continued with the Hospital Supply Chain Performance Metrics and Standards Initiative – Phase 2. The Hospital Supply Chain Metrics Working Group published its Phase 1 report in November 2006. The report identified 48 supply chain metrics, 21 standards and a balanced scorecard framework to support future implementation. During 2007, the Working Group undertook a Phase II mandate to further refine/ develop the initial list of standards and metrics. By spring of 2009, the Working Group expects to publish the Phase II report and User Guide, and to support BPS adoption of common supply chain metrics and standards for the Ontario Hospital sector which spends over $2 billion in goods and services annually.
- Developing a common approach to tendering and contracting for the Broader Public Sector. By fall 2009, the Secretariat will have finalized healthcare capital equipment templates, developed additional draft healthcare templates for goods and services, and initiated formal consultations with BPS stakeholders (including the education sectors).
- Conducted the Fleet Challenge Ontario (FCO) project, which helped municipalities better understand the practical opportunities for improving fleet environmental and economic efficiency. The project provided participating municipalities with in-depth municipal fleet reviews, with an eye to improving fleet efficiency. The project identified potential savings of $5.0M annually for the 12 participating municipalities if all recommendations were to be implemented. These municipalities could also realize significant emission reductions and potential fuel savings.

Ontario Internal Audit Division (OIAD)

- Launched the Financial Assurance Program. Working with Office of the Provincial Controller Division (OPCD) and the Ministry of Health, OIAD piloted a financial assurance process that will be used in ministries to evaluate risks and controls at all levels of a financial transaction.
- Continued to be in demand from Ministries. Client survey results indicate that our clients are 95% satisfied or more year after year with our services.
- Completed internal quality assessment process review and achieved final confirmation on quality certification. Certification will help provide assurance to OIAD clients that the division's services meet professional and quality standards.

Ministry Administration

Financial and Administrative Services

- Managed the 2008-09 Results-based Planning (RbP) process including Printed Estimates, RbP Briefing Books and Estimates Defence. The 2009-10 RbP submissions for both ministries achieved corporate expectations, including multi-year plan within expense envelope, savings opportunities, and a risk management strategy to offset pressures within envelope.
- Continuously monitored expenditure plans and communication of strategies to contain costs, resulting in the timely declaration of savings for the Ministry of Finance and Ministry of Revenue.
- Strengthened controllership and reporting requirements for the 2007-08 Public Accounts submission. Extensive client outreach sessions resulted in significant improvements with meeting performance expectations for corporate year-end reporting.
- Successfully implemented new/updated financial policies for Vendor of Record arrangements and Tangible Capital Assets; successful adoption of Moveable/Minor Tangible Capital Assets (mTCA) accounting policy for major IT assets.
- Provided controllership advice and support to program areas on a range of issues, including managing affordability of full time equivalent (FTE) Caps, and providing strategic business support systems to identify and manage planned recruitment.
- Submitted the ministries' annual business continuity plan (BCP); developed and led the BCP exercise, achieving the highest program area participation in the OPS. Also, led the ministries in completing all Year 1 Pandemic Planning requirements and achieved a perfect "meets all" score.

Strategic Human Resources Services Branch

- Provided strategic human resources design and realignment services to the Ministry of Finance and Ministry of Revenue to ensure those organizations have the right people, in the right place, at the right time. Organizational change initiatives were supported in various areas throughout the Ministry of Finance and Ministry of Revenue.
- Supported the corporate diversity goals of the OPS Diversity Strategic Plan through implementation of the OPS Diversity Mentoring Program, creation of an Assistant Deputy Minister (ADM) Mentorship Program, integration of diversity components like the Leadership Education and Development School (LEADS) Program, Stella awards and the Management Development Program.
- Supported the building of leadership capacity within both ministries through the recruitment of senior executives.
- Helped both ministries achieve a 100% talent assessment completion rate by managers and employees and a 98% performance management completion rate by the May 30th corporate deadline.
- Led the development of contingency plans for the Ministries of Finance and Revenue and helped them become the first ministries to file these plans.

Communications and Corporate Affairs Branch

- Led the publication of key ministry products, including the 2008 and 2009 Budgets, 2008 Fall Economic Statement, Public Sector Salary Disclosure, Ontario Savings Bonds, *Investing in Ontario Act* promotions, Ontario Municipal Partnership Fund announcement of allotments, Retail Sales Tax advertising campaign, new Property Tax Grant for Seniors promotions, and Pension Reform.
- Introduced online e-Clips (daily and regional newspapers) and media scrum transcript pages, improving service delivery, reducing e-mail burden, and cutting the number of hard copies of clips from 300 to 30.
- Created new 2008 and 2009 Budget page design, and helped spur significant growth in the viewers of the live webcast and the 2009 tax calculator.
- Delivered superior customer service to taxpayers with a 20-per-cent reduction in correspondence turnaround times.
- Adjusted well to 10:30 am Question Period, including divisional issues contact training.

Legal Services Branch

- Involved in the prosecution of Provincial Offences charges laid by Ministry of Revenue personnel as part of their mandate under the *Tobacco Tax Act*, the *Retail Sales Tax Act*, the *Corporations Tax Act*, the *Gasoline Tax Act*, the *Employer Health Tax Act* and other statutes.
- Involved in the conduct of appeals and other civil actions arising from appeals of tax assessments under the various tax statutes, primarily the *Retail Sales Tax Act*, the *Fuel Tax Act*, the *Gasoline Tax Act*, and the *Employer Health Tax Act*.
- Was a key participant in the structuring, negotiation and closing of the Senior Funding Facility as part of the restructuring of the third party asset-backed commercial paper market in Canada.

Finance and Revenue Audit Services Team (FRAST)

- FRAST clients continued to ask for additional services and client satisfaction survey results indicated that FRAST clients were well satisfied with the team's services and performance.
- FRAST continued to assist ministries when dealing with the Auditor General of Ontario, and prepared senior government officials for the tabling of the Auditor General's Annual Report.

Central Agencies I&IT Cluster (CAC)

- Implemented the employers' health tax and online collections – a milestone of the Ministry of Revenue's Modernizing Ontario's Systems for Tax Administration (MOST) project.
- Developed the Audit Committee's shared workspace and document repository.
- Developed a new employee website for Cabinet Office.
- Conducted a green IT assessment for the deputy minister's office in the Ministry of Energy and Infrastructure.
- Completed upgrades to Treasury Board Office boardroom to facilitate LongPen™,
a technology that allows for the signing of documents using a robotic arm and proprietary software over the internet.

Revenue Operations and Client Services Branch

- Continued to maximize cash management, depositing and reporting on multiple streams of revenue that are due to the Province of Ontario on the same day that they are received.
- Successfully achieved the integration of new and improved, payment processing technology (imageON) for the first three phases of the Ministry of Revenue's Modernizing Ontario's Systems for Tax Administration (MOST/ONT-TAXS) initiative.
- Established partnerships with the Federal Government to enable ROCSB to electronically process all federal transfer payments to the province and is currently implementing the electronic Equalization Payments for Municipalities, as well as other centralized revenue processing efficiencies for the Province of Ontario.
- Won recognition for its innovative Electronic Mail Service as a key "Green the OPS" strategy with, a Greening Merit award at Showcase Ontario in September 2008, and achieved Level Two certification in the National Quality Institute's Progressive Excellence Program which validates and supports its position of organizational stability and quality.
- Successfully completed and tested its Business Continuity Plan in support of its key roles and responsibilities, as part of a ministry/OPS disaster recovery strategy to reduce the impacts of severe business and service delivery interruptions and outages and restore or resume full services and resources.

Agencies, Boards and Commissions

Deposit Insurance Corporation of Ontario (DICO)

- Continued to asses and manage risk in the system. All institutions exhibiting higher than acceptable risk profiles were managed through appropriate programs
- Redesigned and expanded public website to provide transparent and accessible information to the public on DICO's deposit insurance coverage, activities, programs and performance.
- Introduced an Ombudsman function as part of commitment to responsible corporate governance.

Financial Services Commission of Ontario (FSCO)

- Worked on a five-year review of the auto insurance system. FSCO had invited stakeholders to provide feedback to the Superintendent on Ontario's automobile insurance system. The Report on the Five Year Review of Automobile Insurance has been delivered to the Minister of Finance.
- Provide assistance and support as needed to the Ontario Expert Commission on Pensions (OECP) in its examination of legislation governing the funding of defined pension plans, the rules related to pension deficits and surpluses and other issues related to the security, viability and sustainability of the pension system in Ontario.
- Initiated a consultation with pension stakeholders across Canada on a proposed new agreement to establish clear rules for the administration and regulation of multi-jurisdictional pension plans.
- Created a plan for the development and roll-out of a national complaint data reporting system based on the system developed for the Autorité des marchés financiers (AMF) and FSCO. This will help ensure the consistency and accuracy of complaint data and allow regulators to extract both specific and aggregate data from the system.
- Issued approximately 12,000 licenses under the new *Mortgage Brokerages, Lenders and Administrators Act, 2006* (MBLAA). Developed and distributed material for consumers to raise public awareness of the consumer protection measures contained in the MBLAA.

Ontario Financing Authority (OFA)

- Successfully met the province's borrowing requirements of $2 8.7 billion, of which approximately 6 6% was completed in the domestic market, including the Ontario Savings Bonds Program.
- Provided $1.5 billion in long-term loans to 74 public bodies under new Financing Public Bodies Loan Program.
- Provided timely and cost efficient banking and cash management services to the OPS, including significant role in the transfer of the province's corporate tax administration to the Canada Revenue Agency.
- Provided support to the Ontario Electricity Financing Corporation (OEFC) in reducing stranded debt of the electricity sector by almost $1 billion.
- Provided support to OEFC in its provision of $160 million in financing to Ontario Power generation (OPG) for new supply projects.

Ontario Securities Commission (OSC)

- Responded to credit market turmoil. The OSC published for comment a paper outlining the causes of the current crisis that included specific recommendations for a regulatory framework for credit rating agencies. The OSC also participated on International Organization of Securities Commissions (IOSCO) task forces formed to address regulatory gaps relating to the global financial crisis.
- Continued progress on harmonized securities registration requirements. The OSC is working with other provincial and territorial regulators to finalize a proposed national rule designed to harmonize, streamline and modernize registration requirements across Canada.
- Expanded specialized unit dedicated to investigating fraudulent securities transactions. Since its inception 18 months ago,

the boiler-room unit has secured eight cease-trade orders (shut-downs) against 22 firms and 48 individuals.

- Implemented rule changes to improve disclosure of executive compensation and strengthened public companies' internal controls over financial reporting.

Table 1: Ministry Interim Actual Expenditures and Staff Strength, 2008-09

	Ministry Interim Actual Expenditures * 2008/09 ($M except Staff Strength)
Operating and Capital	571.4
Ontario Municipal Partnership Fund	905.4
Operating Contingency Fund	250.0
Power Purchases	936.0
Interest on Debt	8,854.0
Staff Strength as of March 31, 2009	1,880

*Refer to pages 97 & 98 in the 2009 Ontario Budget

LIST OF ACRONYMS

ADM	Assistant Deputy Minister
AMIS	Advanced Manufacturing Investment Strategy
BPS	Broader Public Service
CAC	Central Agencies Information & Information Technology Cluster
CAO	Chief Administrative Officer
CRA	Canada Revenue Agency
CTAR	Corporate Tax Administration Redesign
CT SHARP	Corporate Tax System Harmonization and Related Procedures
CTAR	Corporate Tax Administration Redesign
DICO	Deposit Insurance Corporation of Ontario
FAP	Financial Assurance Program
FIPPA	Freedom of Information and Protection of Privacy Act
FRAST	Finance and Revenue Audit Service Team
FSCD	Fiscal Strategy and Coordination Division
FSCO	Financial Services Commission of Ontario
FTE	Full Time Equivalent
HR	Human Resources
I&IT	Information and Information Technology
IFIS	Integration Financial Information System
LEADS	Leadership Education and Development School
LTS	Long Term Solution
MGS	Ministry of Government Services
MOF	Ministry of Finance
MOR	Ministry of Revenue
MOST	Modernizing Ontario's Systems for Tax Administration
MRI	Ministry of Research and Innovation
mTCA	Moveable/Minor Tangible Capital Assets
MVACF	Motor Vehicle Accident Claims Fund
NGOJF	The Next Generation of Jobs Fund
ODB	Ontario Drug Benefit
ODSP	Ontario Disability Support Program
OBT	Office of the Budget and Taxation
OCB	Ontario Child Benefit
OEFC	Ontario Electricity Financial Corporation

OEP	Office of Economic Policy
OFA	Ontario Financing Authority
OIAD	Ontario Internal Audit Division
OMPF	Ontario Municipal Partnership Fund
ONFA	Ontario Nuclear Funds Agreement
OPCD	Office of the Provincial Controller Division
OPG	Ontario Power Generation
OPS	Ontario Public Service
OSC	Ontario Securities Commission
PBGF	Pension Benefits Guarantee Fund
PLFD	Provincial-Local Finance Division
PMFSDR	Provincial-Municipal Fiscal and Service Delivery Review
PRS	Poverty Reduction Strategy
RbP	Results-based Plan(ning)
ROCSB	Revenue Operations and Client Services Branch
SMC	Senior Management Committee
SMG	Senior Management Group

Contact Us

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Contact the Ministry of Finance by selecting one of the following links:

- **Telephone**: 1-800-263-7965
- **E-mail**: financecommunications.fin@ontario.ca
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