Ontario

Results-based Plan Briefing Book 2010-11

Ministry of Finance

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Ministry of Finance

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Part I: Published Results-based Plan 2010-11

Ministry of Finance

MINISTRY OVERVIEW

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. The Ministry ensures that the government's priorities are aligned with the Province's fiscal plan, supports a climate for economic growth and job creation in the province, promotes the effective and efficient delivery of government services to citizens, ensures prudent management of the province's debt, and ensures that public organizations remain accountable to taxpayers for the use of their funds.

MINISTRY ACTIVITIES

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;
- prepares the provincial Budget; Expenditure Estimates; a mid-year fiscal and economic update (Fall Economic Statement); the Ontario Quarterly Finances; Public Accounts; and a long range assessment of the fiscal and economic environment;
- reports on Ontario's economic and fiscal plans and results to the public; 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;
- is responsible for applicable legislation and regulates, through its agencies, the financial services sector, including security companies, pension plans, mortgage brokers, agents and administrators and insurance companies;
- oversees selected operational enterprises that are accountable to the Minister of Finance; and
- provides advice on property assessment and property tax policy and on Ontario's fiscal relationship with municipalities, and manages the Ontario Municipal Partnership Fund, the government'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 Key Priorities

Government of Ontario
Open Ontario for Jobs and Growth

Create Jobs; Boost Economic Growth	Invest in Knowledge and Skills	Invest in Infrastructure	Reduce Poverty	Manage Responsibly; Spend Prudently	Eliminate Deficit; Promote Long-Term Sustainability	Support and Transform Key Public Services

Ministry of Finance: 2010-11
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	Provide responsible regulation of financial sectors and build flexibility to stimulate growth
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
Align Ministry projects with government priorities and policies	Create, direct and oversee policies to manage the Province's investment, debt financing, credit rating, investor relations and banking activities
Invest in innovative programs to reduce costs and increase productivity	Manage provincial debt prudently

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, Taxation and Pensions (OBTP) advises and assists the Minister and Deputy Minister of Finance and the government in formulating the Ontario Budget and other economic and fiscal documents such as the Fall Economic Statement.

OBTP is also responsible for the following:
- policy, design and quantitative analysis of commodity, corporate, payroll, personal and sales taxation;
- policy development and legislation regarding employment pension plans and income security issues, including the Canada Pension Plan (CPP);
- inter-governmental taxation and Retirement Income System (RIS) issues;
- research and analysis on Ontario's tax competitiveness and emerging economic and social trends in taxation, pension and income security policy;
- advising the Minister on the policy, design and quantitative analysis of government fees and levies;
- overseeing the business plans and activities of the Liquor Control Board of Ontario and the government's Deposit Return Program for beverage alcohol containers; and
- leading and coordinating the development of government policy related to gaming and managing the accountability and oversight relationship with the Ontario Lottery and Gaming Corporation and the Ontario Racing Commission on behalf of the Ministry of Finance.

Office of Economic Policy (OEP) provides the Minister of Finance with forecasts and analysis of the provincial economy and 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 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 of Economic Policy provides advice on economic and financial market performance, regulation and policy. Continuing uncertainty in global financial markets will require special attention to financial market regulatory issues, notably a common securities regulator for Canada, but also with respect to deposit taking institutions and the insurance industry. OEP provides the Minister of Finance with advice and analysis in support of a sound economic environment that ensures continued prosperity through sustainable economic growth and job creation. This includes policies that address knowledge and skills, poverty reduction and make the economy more innovative, greener, and less carbon dependent.

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.

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 $625 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. As a result, municipalities will see $1.2 billion in 2010 through the combined benefit of OMPF and provincial uploads: $625 million in OMPF grants; and $570 million in reduced costs from the uploads of the Ontario Drug Benefits (ODB), the administration component of the Ontario Disability Support Program (ODSP), and ODSP and Ontario Works benefits.

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.

In 2010-11, the FSCD will continue to support the government's efforts, through the current fiscal environment, to provide a strong and competitive economic, fiscal and investment climate for Ontario by:

- working with central agency colleagues to integrate fiscal and policy decision-making; providing advice to Treasury Board/Management Board of Cabinet; and guidance to ministries to achieve fiscal priorities while ensuring that investments in key public services are sufficient to meet service level commitments and targeted results;
- facilitating the implementation of ministry expense plans in a way that is consistent with the overall priorities and direction established in the 2010 Budget;
- developing, monitoring and reporting on the fiscal plan and results of the Province, entailing coordination of the Quarterly Ontario Finances, Fall Economic Statement and Ontario Budget; and
- advising the Minister of Finance and the Government on Ontario's interests and policies related to federal-provincial fiscal arrangements.

[1] The $625 million for the 2010 OMPF reflects the municipalities' fiscal year (January to December), which is different from the provincial budget planning cycle (April to March).

Office of the Provincial Controller Division (OPCD) provides accounting and financial management policy advice and support to the government. The division ensures that financial control policies and practices are in place to safeguard Ontario's assets and to ensure the integrity of its financial systems, processes and information. The division also maintains Ontario's Public Accounts and prepares the Annual Financial Report, Consolidated Financial Statements, and Public Sector Salary Disclosure. In addition, OPCD supports the preparation of the Ontario 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, Consolidated Financial Statements, and the Public Sector Salary Disclosure Report;
- support the delivery of the Ontario Budget, Ontario Quarterly Finances, the Pre-Election Report on Ontario's Finances, and the Economic Outlook and Fiscal Review;
- ensure the effectiveness, efficiency and integrity of the government's financial systems, processes and information;
- strengthen financial management capacity across the OPS to improve decision-making; and
- ensure the OPS is ready to pay, remit and claim the rebate on Harmonized Sales Tax (HST) effective July 1, 2010.

Broader Public Service (BPS) – Supply Chain Secretariat administers the OntarioBuys program (more information is available at http://www.fin.gov.on.ca/english/ontariobuys/) in partnership with other ministries. The OntarioBuys program encourages the adoption of integrated supply chain and leading back-office practices by Ontario's broader public sector, in particular, hospitals, schools, colleges and universities.

The secretariat supports leading practices through initiatives like the Supply Chain Guideline, which incorporates key supply chain principles such as a Code of Ethics and Procurement Policies and Procedures. The Secretariat also encourages performance oversight, knowledge sharing, and rolling out project management and implementation tools to its partners in the BPS.

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 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, including the Corporate Financial Assurance Program and reviews of Agencies. Internally, OIAD will examine 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, 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, accommodations management, business continuity planning, emergency management and security planning and services and Budget document production.

Strategic Human Resources Services provides strategic and advisory human resources services to the 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 to achieve their business objectives.

Communications and Corporate Affairs Branch provides strategic communications advice and planning to the Minister of Finance and Minister of Revenue, the Deputy Ministers, all ministries' divisions, Premier's Office and Cabinet Office, and where appropriate, other ministries, to support the government's fiscal priorities and ministries' programs.

The branch’s activities include the following:

- manage and coordinate the ministries' contentious issues process;
- respond to media inquiries and monitor the media;
- develop advertising strategies and campaigns and plan events;
- manage and coordinate the Ministers' correspondence;
- write news releases, speeches and statements for the legislature;
- provide reference and research support to staff; and
- maintain the ministries’ Internet and intranet sites in collaboration with Revenue Communications.

The branch has identified the following priorities:

- provide province-wide promotional support for the HST implementation;
- provide communication support for the Ontario Budget, Economic Outlook and Fiscal Review, Tax Change Package, Public Sector Salary Disclosure, Ontario Savings Bonds and other ministries' programs and initiatives;
- reduce discretionary costs and the use of paper where possible; and
- further improve correspondence turnaround times.

Legal Services provides legal advice to the Ministry of Finance and Ministry of Revenue on the interpretation of statutes and regulations and the preparation, drafting and review of proposed legislation, regulations, and other legal documents. General legal services include litigation, prosecutions, collections, and drafting of agreements. In addition, the branch provides legal advice on government financial matters, provincial borrowing and investments, tax policy, administration and enforcement*, Freedom of Information and Protection of Privacy Act* matters, and advice with respect to the agencies under the responsibility of the Minister and pensions, securities and financial services sector regulation.

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, the Ministry of Revenue and some of their agencies. The overall objective for FRAST is to ensure that the ministries' financial and risk management plans and processes meet the highest standards of integrity, accountability and transparency.

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. It promotes the safety and soundness of Ontario's credit unions and caisses populaires by establishing standards of sound business and financial practices and ensuring compliance with solvency related requirements. It also has the power to inspect and supervise the operations of credit unions and caisses populaires in difficulty. DICO 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. DICO is focused on enhancing depositor confidence with due regard to the sector's goal to be more competitive and responsive to its members' needs.

Financial Services Commission of Ontario (FSCO) regulates Ontario'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 no other insurance is 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 the Ministry of Finance, consumers and industry stakeholders 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:

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

Financial Services Tribunal is 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.

The Tribunal also has exclusive jurisdiction to determine all questions of fact or law that arise in any proceedings before it. As well, the Tribunal has the authority to make rules for the practice and procedure to be observed in a proceeding before it; and to order a party to a proceeding before it to pay the costs of another party or the Tribunal's costs of the proceeding.

Liquor Control Board of Ontario (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 approximately 610 retail stores, five warehouses and almost 220 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 http://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 Council is 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) to manage and retire the outstanding debt and derivative contracts of the former Ontario Hydro.

Ontario Financing Authority (OFA) conducts borrowing, investment and financial risk management for the Province and the Ontario Electricity Financial Corporation (OEFC). The OFA is responsible for financial and centralized cash management services. In addition, the OFA provides financial advice to the government on financing proposals related to capital infrastructure and also provides long-term loans to public bodies such as school boards, colleges, hospitals and certain Crown Corporations.

Looking forward, the OFA will:

- conduct borrowing, investment, and financial risk management for the Province;
- manage the Provincial debt;
- provide financial and centralized cash management services for the government;
- advise ministries, Crown agencies and other public bodies on financial policies and projects;
- assist Crown agencies and other public bodies in borrowing and investing;
- act as an intermediary for the Province in lending to certain public bodies and invests on behalf of some public bodies; and
- provide a broad range of financial services to the Ontario Electricity Financial Corporation (OEFC) and Infrastructure Ontario (Ontario Infrastructure Projects Corporation).

Ontario Lottery and Gaming Corporation (OLG): Established in 2000 under the *Ontario Lottery and Gaming Corporation Act,* the OLG is responsible for the conduct, management and operation of the slots facilities at horse racing tracks and the lotteries and casinos across the province.

The OLG is classified as an Operational Enterprise Agency, meaning that it sells goods or services to the public. OLG's assets, expenses and net income are consolidated in the province's financial statements on the modified equity basis. 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).

OLG's net profits are distributed to the province into the Consolidated Revenue Fund and recorded by the Ministry of Finance as revenues.

Ontario Racing Commission (ORC): Established in 1950, the ORC is an arms-length regulatory agency responsible for governing and regulating thoroughbred, standardbred and quarter horse racing in Ontario.

The ORC ensures that the Ontario horse racing industry operates with honesty and integrity, and the economic benefits to the province are maintained. Under the *Racing Commission Act*, the ORC is responsible for licensing all racetrack operators, as well as those who work at the tracks or participate in live horse racing in the province. The ORC also has the authority to suspend, impose and collect fines should participants in the industry breach the provincial rules of racing.

In 2000, the ORC was converted into a self-financing agency.

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 set out in the legislation which the OSC administers and enforces. The OSC is included in the Ministry of Finance's Expenditure Estimates on a consolidated basis.

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.

Open Ontario for Jobs and Growth
--- Economic Outlook and Key Fiscal Plan

The 2010 Ontario Budget projects real gross domestic product (GDP) growth of 2.7 per cent in 2010, 3.2 per cent in 2011, 3.2 per cent in 2012 and 3.0 per cent in 2013. The projected growth rate is slightly below or in line with the private-sector average each year. Growth is expected to strengthen due to improving global demand for Ontario exports and the results of relevant government actions and policies.

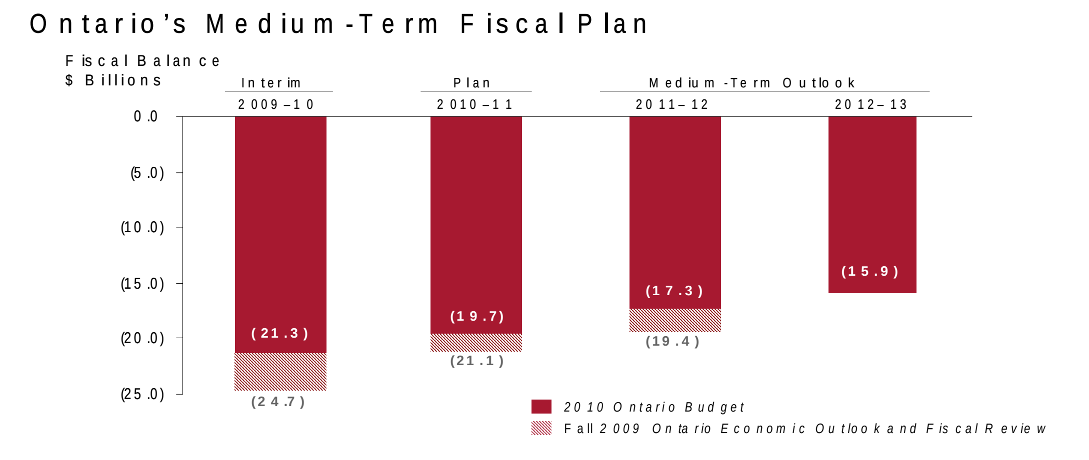
Since employment growth tends to lag real GDP growth, it is expected to take longer for the province to see the same level of employment as before the global recession.

Ontario Economic Outlook (Per Cent)

	2008	2009	2010p	2011p	2012p	2013p
Real GDP Growth	(0.5)	(3.4e)	2.7	3.2	3.2	3.0
Employment Growth	1.4	(2.4)	1.1	2.1	2.3	2.0

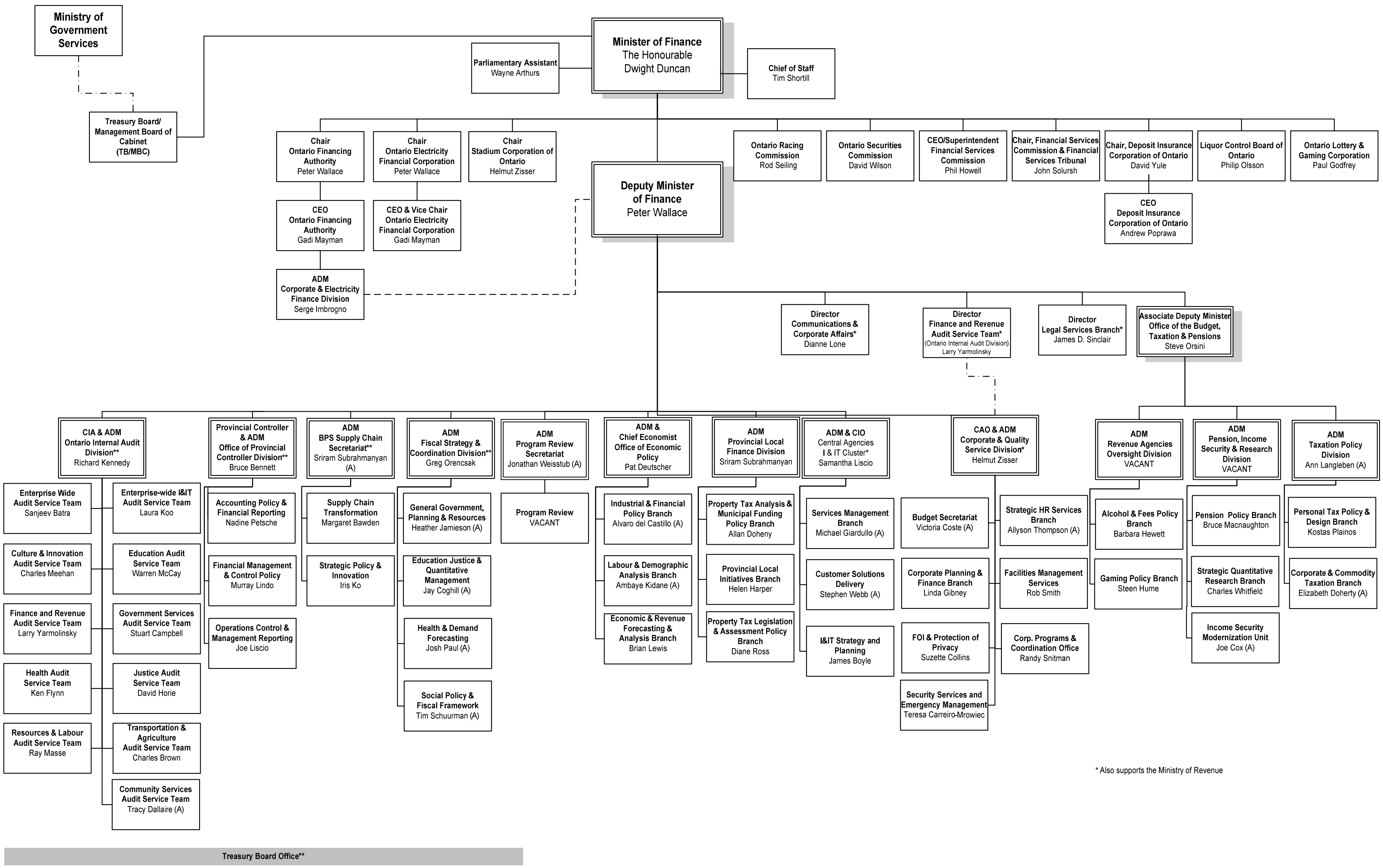
e = estimate. p = Ministry of Finance planning projection.
Sources: 2010 Ontario Budget p.74

To lessen the burden of the recession on Ontarians and to stimulate economic growth, necessary investments have contributed to a projected deficit of $21.3 billion for 2009-10. Through its five-year Open Ontario plan and by modernizing government operations, the government will continue to hold program expense growth at a rate lower than the growth in revenue and cut the deficit in half within five years with a balanced budget by 2017-18.



Source: 2010 Ontario Budget p.63

Ministry of Finance
April 1, 2010 Organizational Structure



* Also supports the Ministry of Revenue

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.

Budget, Taxation and Pensions Policy

Item 1202-1: Office of the Budget, Taxation and Pensions
Alcohol and Gaming Regulation and Public Protection Act, 1996 (only specified provisions)
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 Lottery and Gaming Corporation Act, 1999
Pension Benefits Act (joint with the Financial Services Commission of Ontario)
Race Tracks Tax Act (shared with Ministry of Revenue)
Racing Commission Act, 2000
Retail Sales Tax Act (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
Public Sector Salary Disclosure Act, 1996
Supply Acts

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

MINISTRY FINANCIAL INFORMATION

Table 1: Ministry Planned Expenditures 2010-11 ($M)

($M)	Ministry Planned Expenditures 2010/11
Operating	**12,399.9**
Capital	**0.2**
TOTAL	**12,400.1**

Table 2: Operating and Capital Summary by Vote

Votes/Programs	Estimates 2010-11 $	Change from 2009-10 Estimates $	%	Estimates 2009-10 $	Interim Actuals 2009-10 $	Actuals 2008-09 $
OPERATING AND CAPITAL EXPENSE						
Ministry Administration	46,938,500	5,189,100	12.4	41,749,400	36,588,200	44,246,320
Budget, Taxation and Pensions Policy	20,871,600	2,829,800	15.7	18,041,800	17,090,300	35,739,539
Economic, Fiscal and Financial Policy	3,176,886,900	(1,447,273,700)	(31.3)	4,624,160,600	1,768,690,600	1,086,479,388
Financial Services Industry Regulation	4,452,000	-		4,452,000	505,465,000	1,687,922
Investing in Ontario	1,000	-		1,000	1,000	-
Total Operating and Capital Expense to be Voted	**3,249,150,000**	**(1,439,254,800)**	**(30.7)**	**4,688,404,800**	**2,327,835,100**	**1,168,153,169**
Statutory Appropriations						
Treasury Program	9,150,716,200	675,472,800	8.0	8,475,243,400	8,043,113,400	7,780,571,424
Other Statutory Appropriations	67,014	-		67,014	2,335,014	1,077,558
Amortization, the *Financial Administration Act*	190,200	126,200	197.2	64,000	334,000	-
Total Operating and Capital Expense	**12,400,123,414**	**(763,655,800)**	**(5.8)**	**13,163,779,214**	**10,373,617,514**	**8,949,802,151**
Consolidation and Other Adjustments	2,083,935,100	368,884,500	21.5	1,715,050,600	5,880,969,600	2,151,482,449
Total Including Consolidation & Other Adjustments	**14,484,058,514**	**(394,771,300)**	**(2.7)**	**14,878,829,814**	**16,254,587,114**	**11,101,284,600**
OPERATING AND CAPITAL ASSETS						
Ministry Administration	17,000	17,000		-	-	-
Economic, Fiscal and Financial Policy	2,000	(18,000)	(90.0)	20,000	-	-
Financial Services Industry Regulation	550,000	(1,000)	(0.2)	551,000	550,000	-
Total Operating and Capital Assets to be Voted	**569,000**	**(2,000)**	**(0.4)**	**571,000**	**550,000**	**-**
Statutory Appropriations						
Harmonized Sales Tax, the *Financial Administration Act*	1,000	1,000		-	-	-
Total Operating and Capital Assets	**570,000**	**(1,000)**	**(0.2)**	**571,000**	**550,000**	**-**

Note: Estimates for the previous fiscal year are re-stated to reflect any changes in ministry organization and/or program structure. Interim actuals reflect the numbers presented in the 2010 Ontario Budget.

LIST OF ACRONYMS

ADM	Assistant Deputy Minister
AMIS	Advanced Manufacturing Investment Strategy
BPS	Broader Public Service
CAHO	Council of Academic Hospitals of Ontario
CAO	Chief Administrative Officer
CRA	Canada Revenue Agency
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
HST	Harmonized Sales Tax
I&IT	Information and Information Technology
IFIS	Integration Financial Information System
MGS	Ministry of Government Services
MOF	Ministry of Finance
MOR	Ministry of Revenue
MOU	Memorandum of Understanding
MRI	Ministry of Research and Innovation
mTCA	Moveable/Minor Tangible Capital Assets
MVACF	Motor Vehicle Accident Claims Fund
ODB	Ontario Drug Benefit
ODSP	Ontario Disability Support Program
OBTP	Office of the Budget, Taxation and Pensions
OEFC	Ontario Electricity Financial Corporation
OEP	Office of Economic Policy
OFA	Ontario Financing Authority
OIAD	Ontario Internal Audit Division
OMPF	Ontario Municipal Partnership Fund
OPCD	Office of the Provincial Controller Division
OPG	Ontario Power Generation
OPS	Ontario Public Service
OSC	Ontario Securities Commission

PSAB	Public Sector Accounting Board
PBGF	Pension Benefits Guarantee Fund
PLFD	Provincial-Local Finance Division
PMFSDR	Provincial-Municipal Fiscal and Service Delivery Review
RbP	Results-based Plan(ning)
RIS	Retirement Income System
SMC	Senior Management Committee
SMG	Senior Management Group

CONTACT US

If you have questions about the programs and/or services of the Ministry of Finance, we invite you to start by reading our About Finance pages on the ministry's website http://www.fin.gov.on.ca . The site map and search engine on the website may also help you find the information you need.

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

- **Telephone**: 1-800-263-7965
- **E-mail**: financecommunications.fin@ontario.ca
- **In Person**: location of ServiceOntario/Government Information Centres can be found on http://www.fin.gov.on.ca/english/about/contactus.visit.html where you can access a wide range of general government information including as related to the Ministry of Finance.
- **Mail**:

  Ministry of Finance
  33 King Street West
  PO Box 627
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Appendix: 2009-10 Annual Report

Ministry of Finance

2009-10 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 2009-10.

Office of the Budget, Taxation and Pensions

- Supported the development and coordination of the annual provincial budget, Fall Economic Statement and other major statements (e.g., tax and pension reform sections in the Long-Term Report).
- Implemented the comprehensive tax package, set out in the 2009 Ontario Budget, legislating the framework for $10.6 billion in tax relief for people and $4.5 billion in tax relief for businesses over three years, which makes Ontario one of the most competitive jurisdictions in the world for new investment.
- Provided support to the government in negotiating with the federal government and legislating the Comprehensive Integrated Tax Coordination Agreement (CITCA) to move to a single, value-added sales tax, including $4.3 billion in federal transitional assistance. Moving to a single sales tax administered by the Canada Revenue Agency will save Ontario businesses more than $500 million a year in compliance costs.
- Supported the government on Poverty Reduction in improving fairness, consistency, integration, transparency and sustainability of Ontario's tax assistance and benefit programs.
- Played a lead role in the Federal Provincial Territorial (FPT) Finance Ministers national effort to review the state of the current Retirement Income System (RIS), its future sustainability and options that could strengthen it.
- Developed major initiatives to modernize Ontario's employment pension system, resulting in Bill 236, the *Pension Benefits Amendment Act, 2009*. Bill 236 is the most significant pension reform package to be introduced in Ontario in more than 20 years, balancing the diverse interests of pensioners, pension plan members and plan sponsors.
- Worked with external consultants to engage in the first independent actuarial projection study of Pension Benefits Guarantee Fund (PBGF) premiums and benefits. Developed regulations under the *Pension Benefits Act* (PBA) to provide temporary solvency funding relief for Ontario pension plans directly affected by the 2008 market downturn and enable auto sector restructuring, while continuing to protect benefit security for members and retirees.
- Successfully introduced legislative changes to replace certain alcohol charges with taxes to enhance their operational structure and legislative clarity.
- Supported the Minister in the transfer of the Liquor Control Board of Ontario, the Ontario Lottery and Gaming Corporation and the Ontario Racing Commission as operational agencies of government accountable to the Minister of Finance.

Office of Economic Policy

- Provided advice and risk analysis on the macroeconomic environment and outlook with particular attention paid to the implications for the revenue outlook and fiscal plan. This included delivery of the 2009 Economic Outlook and Fiscal Review required by FTAA (*Fiscal Transparency and Accountability Act, 2004*).
- Delivered the Long-Term Report on Ontario's Economy required by FTAA and long-term demographic projections for Ontario and Ontario regions.
- Delivered a major automobile insurance reform package as announced by the government in November of 2009, providing advice and support towards the implementation of the package in September, 2010.
- Provided policy analysis and advice to support development of the 2010 Budget, including the knowledge and skills strategy and northern strategy.
- Provided support and advice towards: the development of a Financial Services Strategy for Ontario; the establishment of a Canadian Securities Regulator; the Financial Services Chapter in the Ontario-Quebec Trade and Cooperation Agreement; Registration Reform project for financial products.

Provincial Local Finance Division

- Committed $625[2] million to 382 municipalities in funding through the 2010 Ontario Municipal Partnership Fund (OMPF) grants. In addition, payments were issued to municipalities in respect of the final reconciliation of the 2008 OMPF.
- Provided municipalities with an estimated $570 million reduction in social assistance benefit program costs resulting from the provincial uploads in 2010. The upload of the Ontario Disability Support Program (ODSP) and Ontario Works benefits began in 2010, building on the previous upload of the Ontario Drug Benefit (ODB) (completed in January 2008) and the administration component of ODSP (completed in 2009). These uploads, including up to $125 million in court security costs annually will provide municipalities with a net benefit of $1.5 billion a year by 2018.
- 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 Business Education Tax rates.

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 2010 Budget, 2009 Economic Outlook and Fiscal Review, and quarterly updates of the province's finances, and the Expenditure Estimates.
- 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.

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[2] The $625 million for the 2010 OMPF reflects the municipalities' fiscal year (January to December), which is different from provincial budget planning cycle (April to March).

- 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, agencies and other central agencies to support sound, timely decisions and the delivery of priorities.
- Provided strategic advice to the Minister of Finance to support participation in two meetings of federal-provincial-territorial Finance Ministers and the Premier at the annual Council of the Federation meeting. Also provided ongoing monitoring and strategic advice on Ontario's position on federal-provincial fiscal arrangements.
- Provided corporate leadership and oversight, ensuring ongoing implementation and use of accepted OPS performance measurement standards, guidelines, and tools to promote continuous improvement.

Office of the Provincial Controller

- Delivered the 2008-09 Annual Financial Report and Consolidated Financial Statements, receiving a clean audit opinion from the Auditor General.
- Enhanced the transparency of disclosures under the *Public Sector Salary Disclosure Act, 1996*. Employees earning over $100,000 seconded to government ministries from public sector organizations are now being disclosed.
- Worked collaboratively with the Office of the Auditor General on the implementation of new Public Sector Accounting Board (PSAB) standards; and with other jurisdictions and PSAB on the development of improved accounting standards for the public sector.
- In collaboration with the Ministry of Government Services, improved the public accountability framework for government agencies. Implemented enhanced training for ministries to assist them in implementing the new transfer payment accountability framework.
- Improved the integrity of the government's financial infrastructure and stewardship over government assets through the upgrading of the annual Certificates of Assurance provided by ministries on the state of their internal controls.

Broader Public Sector – Supply Chain Secretariat

- Released Supply Chain Guideline (SCG) version 1.0 after consultation with more than 300 participants, representing 150 organizations, including suppliers. The SCG contains a supply chain *Code of Ethics and Procurement Policies and Procedures* (PPP).
- Funded a pilot, the Council of Academic Hospitals of Ontario (CAHO) Group Purchasing Initiative, to align and jointly purchase hospital capital equipment on behalf of 25 Ontario academic hospitals. The pilot, in its final months, has achieved significant savings and resulted in administrative efficiencies and high participant satisfaction.
- Completed Phase I of an Operating Room Supply Chain Pilot program in eight hospitals across the province. These projects have contributed to the wait time strategy, improved patient safety and resulted in process enhancements.

Ontario Internal Audit Division (OIAD)

- 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.
- Continued to evolve the Corporate Financial Assurance Program. Working with the Office of the Provincial Controller Division (OPCD) as well as selected ministries, OIAD rolled out a financial assurance process that is being used to evaluate risks and strengthen/enhance controls at all levels of a financial transaction.
- Provided advisory services and participated in key enterprise-wide initiatives to support the enhancement of corporate governance and management policy frameworks, and corporate directives frameworks to strengthen risk management, control effectiveness, Transfer Payment Accountability, and Agency Governance.

Ministry Administration

Financial and Administrative Services

- Managed the 2009-10 Results-based Planning (RbP) process including Printed Estimates and RbP Briefing Books for both the Ministry of Finance and Ministry of Revenue. Coordinated Estimates Review by the Standing Committee on Estimates for the Ministry of Finance. The 2010-11 RbP submissions for both ministries achieved corporate expectations.
- 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.
- Managed the 2008-09 Public Accounts process for both the Ministry of Finance and Ministry of Revenue. Provided controllership advice and support to program areas on a range of issues, including managing affordability of staffing limits, and providing strategic business support systems to identify and manage planned recruitment.
- Submitted the ministries' annual business continuity plan (BCP) and pandemic plan receiving a perfect "meets all" score; developed and led the BCP exercise, receiving the Emergency Management Ontario Award for "Best Exercised Continuity of Operations Plan"; submitted the second annual Ministry Physical Security Plan; and received an award from HR Ontario, Ministry of Government Services for "Leadership in Physical Security".
- Supported the corporate goals of diversity and accessibility by coordinating the ministries' full compliance with the Accessibility Standards for Customer Service regulation by the legislated deadline of January 1, 2010 and implementing strategic diversity initiatives including a ministry-specific Diversity Mentoring Program and the integration of diversity components into existing education and recognition programs.

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. Significant organizational change initiatives were supported in both ministries.

- Provided technical advice and support for business transformation initiatives, including activities stemming from the 2009 Ontario Budget, within the Ministry of Finance and Ministry of Revenue and the OPS.
- Engaged with senior leaders to establish divisional Strategic HR Service Plans, including the analysis of the divisional priorities, major responsibilities, emerging business challenges, organizational health metrics and human resources challenges to ensure their divisions are positioned to deliver on current and emerging business needs.
- Defined and mapped key Strategic Business Unit business/service processes, to provide senior executives with an excellent tool that supports their understanding of critical milestones and timelines that need to be incorporated to successfully plan and achieve client business objectives.
- Supported managers and employees in both ministries in achieving a 98% talent assessment completion rate and a 98% performance management completion rate by the May 30th corporate deadline, and a 91+% mid-term review completion rate by October 31, 2009.
- Received the 2010 HROntario Award of Excellence, for Excellence in Client Service Delivery.

<u>Communications and Corporate Affairs Branch</u>

- Led the publication and production of key ministry products, including:
  - 2009 and 2010 Budgets
  - 2009 Economic Outlook and Fiscal Review
  - Public Sector Salary Disclosure
  - The Long-Term Report
  - Ontario Savings Bonds: The successful advertising campaign resulted in $1 billion in sales during the three-week selling period in June 2009.
- Provided promotional support and effective consumer information for the LCBO's province-wide BagItBack program. It is a low-cost, grassroots public education campaign that reached people across the province with posters in thousands of locations like public libraries, community centres, arenas, LCBO stores and in condominiums and apartment buildings in Toronto.
- Designed and delivered a new web site page for the Harmonized Sales Tax for the 2009 Budget, along with two online calculators to help explain the tax changes.
- Successfully handled a 100 per cent increase in correspondence without increasing staff levels.

<u>Legal Services Branch</u>

- 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*.
- Provided legal support to the Province's borrowing and treasury program.

- Directly involved in the implementation of the extensive tax reform package announced in the 2009 Ontario budget, including the Comprehensive Integrated Tax Co-ordination Agreement and the drafting of Ontario legislation required for the implementation of the HST and other tax measures.
- Provided advice on various extensive legislative/regulatory amendments including advice in connection with recommendations in the Superintendent of Financial Services' *Five-Year Automobile Insurance Review* report to the Minister of Finance to support the government's announced auto insurance reforms and advice on extensive legislative amendments required in order to consolidate various financial provisions found in numerous Ministry statutes into a consolidated *Financial Administration Act*.

Finance and Revenue Audit Services Team (FRAST)

- FRAST clients continued to ask for assurance and consulting services. Client satisfaction survey results indicated that FRAST clients were well satisfied with the team's services and performance**.** A recent survey revealed that 100% of clients are satisfied with FRAST's audit services, including 78% who indicated that they are very satisfied.
- 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.

AGENCIES, BOARDS AND COMMISSIONS

Deposit Insurance Corporation of Ontario (DICO)

- All depositors were protected from loss of any deposits held in Ontario's credit unions and caisses populaires despite some institutions ceasing to carry on business.
- All institutions exhibiting higher than acceptable risk profiles were subject to increased scrutiny and appropriate steps were taken to protect depositors.
- DICO's website was updated to reflect DICO's expanded role and to provide transparent, accessible information to the public on DICO's deposit insurance coverage, activities, programs and performance.
- Created the position of Director, Regulatory Affairs to provide proactive and responsive regulatory guidance to insured institutions.
- Held an annual meeting as well as regional meetings across the province for its insured institutions to explain its new role and amendments to the *Credit Unions and Caisses Populaire Act 1994.*

Financial Services Commission of Ontario (FSCO)

- Worked with the Ministry of Finance and FSCO stakeholders to implement changes to the current automobile insurance system arising from the Ontario government's announced auto insurance reforms. FSCO established a stakeholder committee to provide advice and oversee reforms to the automobile insurance system identified as part of the review. The proposed reforms streamline a number of processes for insurers and health care providers, creating a less complex auto insurance system, while protecting consumers and giving them more choice to buy coverage that best meets their insurance needs and budgets.

- Enhanced the functionality of the current pension database to provide expanded pension plan information and introduce electronic filing for selected applications and filings. Plan administrators can now submit their Annual Information Returns quickly and securely, in an electronic format.
- Enhanced the functionality of the current pension database to provide expanded pension plan information and introduce electronic filing for selected applications and filings. Plan administrators can now submit their Annual Information Returns quickly and securely, in an electronic format.
- Implemented regulatory changes following the proclamation of amendments to the *Credit Unions and Caisses Populaires Act,1994*. This work was carried out in cooperation with the Deposit Insurance Corporation of Ontario (DICO). The amendments modernize and streamline regulations for credit unions and caisses populaires providing the sector with increased flexibility and encouraging competiveness.
- Completed the national expansion of a complaint data reporting system based on the system developed for the Autorité des marchés financiers (AMF) and FSCO to support a risk-based approach to regulation. FSCO and AMF launched the national complaint data reporting system on July 1, 2009.
- Finalized a proposed new agreement to establish clear rules for the administration and regulation of multi-jurisdictional pension plans, which was released by the Canadian Association of Pension Supervisory Authorities (CAPSA) on June 30, 2009. CAPSA also approved and released the final version of a Commentary Guide to accompany the proposed new agreement on November 30, 2009.

Ontario Financing Authority (OFA)

- Cost effective completion of the Province's $42.6 billion borrowing program. As of January 2010, the program has generated $54.1 million in savings relative to the benchmark cost in the market.
- Provided $500 million in long-term loans to public bodies, including a number of Ontario colleges, school boards, and corporations, under the Financing Public Bodies Loan Program.
- Provided ongoing advice and support in delivering required financial assistance to the North American automotive manufacturing industry.
- Launched and administered the $250 million Aboriginal Loan Guarantee Program to facilitate Aboriginal equity participation in renewable energy projects.
- Provided cost efficient banking and cash management services to the OPS, including a large scale conversion to electronic payments with attendant savings as well as implementing web based payment options for the sale of Government goods and services.

Ontario Securities Commission (OSC)

- Responded to credit market turmoil including advising the Government in relation to the enactment of *Securities Act* and *Commodity Futures Act* amendments that provide additional authority for the Province and the OSC to take immediate action in extraordinary circumstances to protect the public interest.
- Implemented a new rule to harmonize, streamline and modernize registration requirements and registration and prospectus exemptions across Canada in furtherance of legislative changes introduced by the Government.
- Strengthened enforcement. The OSC restructured the Enforcement Branch to create integrated teams with expertise in investigations, litigation and accounting.
- The Minister and the OSC Chair signed a new memorandum of understanding outlining new accountability measures.

Ministry 2009-10 Interim Actual Expenditures and Staff Strength

Table 1: Ministry Interim Actual Expenditures and Staff Strength, 2009-10

	Ministry Interim Actual Expenditures * 2009-10 ($M except Staff Strength)
Operating and Capital	555.7
Ontario Municipal Partnership Fund	782.9
Operating Contingency Fund	50.0
Pension Benefits Guarantee Fund	500.0
Power Purchases	1,436.0
One-Time Automotive Sector Support	4,000.0
Interest on Debt	8,930.0
Staff Strength as of March 31, 2010	1,823.7

*Refer to pages 137 and 138 in the 2010 Ontario Budget