Results-based Plan Briefing Book 2012-13

Ministry of Finance

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TABLE OF CONTENTS

Part I: Published Results-based Plan 2012-13

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. In addition, it delivers revenue and benefit programs in support of a better future for Ontarians.

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 Ontario;
- 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; and
- provides collections, audit and data imaging expertise and services across government to eliminate overlap and duplication wherever possible and modernize internal processes.

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.

The ministry provides support to ministries and agencies in the Ontario Public Service by:

- providing key fiscal, taxation and economic policy advice and support to the Minister of Finance, Cabinet Committees and the Premier;
- preparing the provincial Budget; Expenditure Estimates; a mid-year fiscal and economic update (Economic Outlook and Fiscal Review, also known as the Fall Economic Statement); the quarterly Ontario Economic Accounts and Public Accounts;
- reporting on Ontario's economic and fiscal plan and results to the public; and
- promoting 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.

The ministry also:

- 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;
- directly supports the government's priorities on Strengthening the Economy and Open for Business by enhancing Ontario's business climate: through taxpayer

education and independent reviews of objections that encourages compliance, while enforcement activities help to discourage non-compliance;
- efficiently administers tax and benefit programs, offering education and outreach to encourage voluntary compliance following an integrated approach to customer service, and providing support to low-income Ontarians;
- oversees selected agencies 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 Priorities

- Create Jobs; Boost Economic Growth
- Invest in Knowledge and Skills
- Invest in Infrastructure
- Help Families
- Manage Responsibly; Spend Prudently
- Eliminate Deficit; Reform Public Service Delivery
- Protect Public Health Care Sector

Ministry of Finance: 2012-13
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 quarterly Ontario Economic Accounts; 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	Ensure that OPS financial and risk management plans and processes meet the highest standards of integrity, accountability and transparency
Develop effective policies, legislation and regulation governing the property assessment and taxation system	Ensure that public organizations remain accountable to taxpayers for the use of public funds
Maintain a fair and competitive tax system	Create, direct and oversee policies to manage the Province's investment, debt financing, credit rating, investor relations and banking activities
Align projects with government priorities and policies	Manage provincial debt prudently
Invest in innovative programs to reduce costs and increase productivity	Strengthen tax integrity, such as corporate tax compliance, by targeting the underground economy and increasing tobacco enforcement

OVERVIEW – AREAS OF RESPONSIBILITY

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

Office of Taxation, Agencies and Pensions (OTAP) 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 Economic Outlook and Fiscal Review.

OTAP is also responsible for the following:

- policy, design and quantitative analysis of commodity, corporate, payroll, personal and sales taxation and benefits;
- policy development and legislation regarding employment pension plans and income security issues;
- inter-governmental taxation and Retirement Income System (RIS) issues including the Canada Pension Plan (CPP);
- research and analysis on Ontario's tax competitiveness and emerging economic and social trends in taxation, pension, income security and benefits policy;
- advising the Minister on the policy, design and quantitative analysis of government fees and levies;
- managing the government's Deposit Return Program for beverage alcohol containers; and
- leading and coordinating the development of government policy related to alcohol and gaming and managing the accountability and oversight relationship with the Liquor Control Board of Ontario, 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, including the regulation of securities, 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 help the economy become more innovative and greener.

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 $583 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 continues to implement the recommendations of the Provincial-Municipal Fiscal and Service Delivery Review (PMFSDR) that affect the OMPF. As a result, municipalities will see over $1.8 billion in 2012 through the combined benefit of OMPF and provincial uploads: $583 million in OMPF grants; and $1.2 billion in reduced costs resulting from the province's uploads.

Budget and Treasury Board Office provides analysis and support to Treasury Board/Management Board of Cabinet (TB/MBC), particularly with regard to the Results-based Planning (RbP) and Estimates processes, development of the fiscal plan and in-year expenditure monitoring.

The Budget and Treasury Board Office is also responsible for developing, monitoring and reporting on the fiscal plan and results for the quarterly Ontario Economic Accounts, the Economic Outlook and Fiscal Review, and the Ontario Budget, as well as federal-provincial fiscal relations.

In 2012-13, the Budget and Treasury Board Office 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;
- facilitating the implementation of ministry expense plans in a way that is consistent with the overall priorities and direction established in the 2012 Budget;
- developing, monitoring and reporting on the fiscal plan and results of the Province, entailing coordination of the Quarterly Ontario Finances, Economic Outlook and Fiscal Review, and Ontario Budget; and advising the Minister of Finance and the Government on Ontario's interests and policies related to federal-provincial arrangements.

Office of the Provincial Controller Division (OPCD) provides accounting and financial management policy advice and support to the government. The division ensures that

[1] The $583 million for the 2012 OMPF reflects the municipalities' fiscal year (January to December), which is different from the provincial budget planning cycle (April to March).

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, quarterly Ontario Economic Accounts, 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, quarterly Ontario Economic Accounts, and the Economic Outlook and Fiscal Review;
- ensure the effectiveness, efficiency and integrity of the government's financial systems, processes and information; and
- strengthen financial management capacity across the Ontario Public Service (OPS) to improve decision-making.

Broader Public Sector (BPS) Supply Chain Secretariat supports the adoption of leading supply chain and back office practices among the broader public sector. (For more information see http://www.fin.gov.on.ca/en/bpssupplychain/index.html).

The BPS Supply Chain Secretariat oversees implementation of the BPS Procurement Directive, which sets out procurement rules in the purchase of goods and services with public funds under the *Broader Public Sector Accountability Act*.

The Secretariat manages the OntarioBuys program, which provides funding and advice on a wide range of projects that help broader public sector organizations modernize their supply chains and other back office processes.

The Secretariat pursues savings and efficiencies across the broader public sector by leveraging or further capitalizing on existing collective purchasing capacity and works with health care institutions, school boards and postsecondary institutions to develop participation targets for collaborative procurement.

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, OIAD will support transformation and strong fiscal management by providing expertise in risk assessment, control evaluation, and performance measurement during the implementation of cross-cutting transformational initiatives in core business areas. OIAD will also play a key role in assessing the progress of these initiatives to help ensure they achieve their intended outcomes of enhanced service delivery and greater efficiencies. 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.

Central Agencies Information and Information Technology Cluster provides leadership in the delivery and management of information and information technology products, services and support for Cabinet Office, Ministry of Finance, Ministry of Energy and Ministry of Infrastructure. The Cluster ensures that the central agencies are positioned to use secure and reliable information and information technology services in a timely, efficient and cost-effective manner to achieve program objectives.

Looking forward, the Central Agencies Information & Information Technology Cluster (CAC) will focus on supporting our client ministries, Finance, Energy, Infrastructure and Cabinet Office, in the delivery of their mandates by integrating systems (e.g., Benefits Transformation) and making more services available online to create efficiencies, reduce costs and improve service to the citizens of Ontario.

The Cluster will explore cost effective ways to expand the functionality of the existing tax application in support of the Ministry of Finance’s goal to expand the collections mandate. The Central Agencies I&IT Cluster will also expand its service offerings to include a collaboration service in support of more effective horizontal working relationships across our ministry client base.

The Cluster underwent a significant re-organization in 2011 and developed a new strategic plan to provide a base for planning, fiscal management and performance measurement over a three-year timeframe. This strategic plan will align resources and funding with client priorities, monitor ongoing progress against commitments and take timely corrective action by strategically reallocating resources, if necessary.

Program Delivery Division focuses on operational and service delivery of tax and benefit programs, revenue administration, and the implementation of current transformational projects to support the ministry’s commitment to continuous improvement and modernization.

This program:

- supports the administration of tax statutes as well as a number of tax incentive and benefit programs;
- encourages voluntary compliance through taxpayer services such as registration, account maintenance and processing tax returns and refund applications;
- provides remittance, data and image capture and revenue processing services; and
- leads the service delivery initiatives of the Benefits Transformation project and provides benefits administrative services to partner ministries.

Benefits Transformation

The ministry is moving forward with a number of benefits transformation initiatives. The 2012 Ontario budget announced that the government will transform the delivery of income-based benefit programs according to a framework that includes:

- more efficient program administration and delivery;
- seeking to reduce duplication between levels of government;
- introducing a My Benefits Account to allow simplified access to multiple income-based benefits and programs; and
- modernizing privacy frameworks to support program transformation.

Imaging and Data Capture

- The ministry will continue to work with other ministries across the OPS to leverage its imaging and data capture technologies and expertise to reduce program costs and enable faster delivery of services to the public.

Strategic Partnerships and Program Policy Division is responsible for strategic management services, relationship management and business development, tax advisory services and tax appeals.

This program:

- provides strategic management services including data analysis and project management to support tax and benefit programs;
- develops proactive and effective tax administration policy that supports the government's competitive business environment and Open for Business priorities;
- manages relationships, service provisions and fee-for-service arrangements for tax and benefit administration involving partnerships with other governments (most notably the Canada Revenue Agency) and the broader public sector;
- identifies opportunities to leverage the ministry's expertise to deliver products and services to other OPS and broader public sector in support of OPS modernization;
- provides service excellence in the tax advisory and tax appeals functions; and
- develops and implements processes and programs to strengthen the ministry's efforts to address illegal tobacco products, the underground economy and corporate tax avoidance.

Tobacco Tax Strategy

- The ministry will continue to work with its key partners to reduce the supply of cheap, illegal tobacco that undermines the government's policies to reduce smoking.
- In its 2012 Budget, Ontario proposed to introduce amendments to the *Tobacco Tax Act* in the fall to provide additional enforcement and compliance tools. Consultation and discussions with stakeholders and key partners, including First Nations communities and organizations, will take place as part of this process.
- These measures would be in addition to those introduced through Bill 186, which received Royal Assent in June 2011. The ministry is in the process of implementing these recently enacted measures, including making regulations respecting raw leaf tobacco, which willl enhance oversight of the distribution of raw leaf tobacco in the province effective October 1, 2012.

- As the raw leaf tobacco regulations are drafted, the ministry will consult with key stakeholders including First Nations leadership. The regulations will require tobacco growers, dealers, processors, importers, exporters and certain transporters to register and report with the ministry, in order that this key component in the manufacture of tobacco products can be tracked throughout the supply chain.
- The ministry will continue its ongoing dialogue with First Nations communities and organizations, band councils, and on-reserve tobacco manufacturers with the goal of expanding its understanding of tobacco issues on reserves. The ministry will also work with First Nations to explore ways to modernize the system for allocating untaxed tobacco products as well as options related to First Nations self-regulation of tobacco on reserve.

Efficient and Effective Tax Collection

- As a result of recent changes to Ontario's tax collection agreements, the federal government now collects about 75 per cent of Ontario's taxation revenues. Like other provincial programs and services, Ontario is looking to its delivery agents to ensure greater value for money. In this regard, the ministry will continue to work with the federal government to ensure that federal administration of Ontario taxes is conducted in the most efficient and effective manner, with demonstrated accountability to Ontario taxpayers.

Revenue Integrity

- Ontario and the federal government must work together to strengthen the integrity of the tax system. The ministry will continue to collaborate with the federal government on measures to combat corporate tax avoidance and underground economy activities. The 2012 Budget proposed several measures to address the underground economy and corporate tax avoidance activities in Ontario, which the ministry will be actively addressing.

Compliance Programs Division plays a key role in promoting public confidence in the fairness and integrity of Ontario's tax system. The division is responsible for the audit, collections, inspection and investigative functions for the ministry to ensure compliance with Ontario’s tax statutes.

This program:

- directs and executes excellence in the audit function using risk based techniques, modern technology and best practices;
- provides high quality, progressive collections activities to secure taxes owing;
- provides high quality, effective investigations and inspections; and
- partners with other ministries, agencies and the broader public sector to provide technical services, including forensic data recovery and forensic accounting.

Raw Leaf Tobacco

- There will be increased enforcement of raw leaf tobacco after October 1, 2012 when amendments to the *Tobacco Tax Act* (TTA) take effect. These amendments expand the scope of the Act to require those who produce, process, sell or distribute raw leaf tobacco to be registered and report with the Ministry of Finance.

Centralized Collections

- To streamline program delivery, eliminate duplication, and reduce operating costs the Ministry of Finance has been directed to develop a legislative framework that would provide the ministry authority to consolidate the collection of provincial debts owed to the Crown. This framework would enable the Ministry of Finance to use highly effective tax collection tools on non-tax debt significantly increasing potential recoveries. Centralizing provincial collection activities is expected to generate an additional $25M annually in revenues by 2014-15.
- To ensure that the government collects tax debts owed to the Province on a timely basis, it will:
  1) Propose amendments to various tax statutes to enhance its ability to collect tax revenue in a more efficient manner, including amendments to standardize the availability of a garnishment power for monies to be loaned or advanced and technical amendments to ensure that the deemed trust and enhancement garnishment provisions align with federal bankruptcy and insolvency laws;
  2) Propose to implement a measure that would require recipients of government grants and other forms of direct government assistance to be compliant with their tax obligations; and,
  3) Expand the government's existing procurement requirements to ensure that businesses are compliant with their tax obligations before bidding on projects and contracts where provincial funding is involved.

Audit

- With the wind down of the Retail Sales Tax Audit program in March 2012, the Division will focus on audits for Employer Health Tax (EHT), Motor Fuels and Tobacco Tax (MF&TT), Land Transfer Tax (LTT), Mining Tax and begin audits in the area of Beer and Wine Tax and Corporations Tax (CT) Insurance Premiums Tax.

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. This includes corporate strategic planning, resource monitoring and risk management, program analysis, controllership, accounting, accommodations management, business continuity of operations planning, emergency management and security services, Budget document production, coordination of corporate and ministry-specific modernization programs and administration of the *Freedom of Information and Protection of Privacy Act*.

Strategic Human Resources Services provides strategic and advisory human resources services to Ministry senior executives to ensure they 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, the Deputy Minister and Ministry divisions, Premier's Office, 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 Ministry contentious issues process;
- respond to media inquiries and monitor the media;
- develop advertising strategies and campaigns and plan events;
- manage and coordinate the Minister's correspondence;
- write news releases, speeches and statements for the legislature;
- provide reference and research support to staff; and
- maintain the Ministry Internet and intranet sites.

Legal Services provides legal advice to the Ministry 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 Audit Service Team (FAST) 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 and some of its agencies. The overall objective for FAST is to ensure that the ministry's 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. DICO is responsible for monitoring and enforcing compliance with solvency related requirements set out in the *Credit Unions and Caisses Populaires Act, 1994*. 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. DICO maintains a Deposit Insurance Reserve Fund to cover potential claims. A review of this fund is undertaken annually by DICO's board of directors to ensure that it remains within an appropriate range.

Looking forward, DICO will continue to be vigilant and proactive 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 brokerages, brokers, agents and administrators, loan and trust companies, and co-operatives. FSCO 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:

- Risk based delivery;
- Continuous service improvement;
- Fostering 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 administers social reference pricing, with the lowest price at which alcohol can be sold being set by government regulation, and maintains other social responsibility measures to protect against the misuse of beverage alcohol. The corporation directly operates approximately 610 retail stores, and five warehouses, and has 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 assess the reasonableness of the forecast as a 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) is a Provincial Crown agency established by the *Capital Investment Plan Act, 1993*. The OFA conducts borrowing and investment for the Province, manages the Provincial debt, and provides other financial and centralized cash management services for the Province. In addition, the OFA advises government on financial matters and assists other public bodies such as school boards, colleges, hospitals and certain Crown Corporations in borrowing and investment.

The OFA also provides a broad range of financial services to Ontario Electricity Financial Corporation (OEFC) and Ontario Infrastructure and Lands Corporation (Infrastructure Ontario).

Looking forward, the OFA has identified the following priorities:

- conduct borrowing in a cost-effective and prudent manner and manage the Province's debt, investments, and financial risk; and
- provide other financial and centralized cash management services for the Province; and advise ministries, Crown agencies and other public bodies on financial policies and projects.

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. OLG provides gaming entertainment in a socially responsible manner that provides revenues to the Province of Ontario for use on government priorities as well as economic benefits for the people of Ontario, related economic sectors and host communities.

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. 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 OLG Annual Report available at: www.olg.ca/about/public_disclosure/annual_report.jsp.

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 arm's-length regulatory agency responsible for acting in the public interest to govern, direct, control and regulate thoroughbred, standardbred and quarter horse racing in Ontario. Under the *Racing Commission Act*, *2000*, the ORC ensures that the Ontario horse racing industry operates with honesty, integrity and social responsibility. The ORC is responsible for industry licensing and 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 regulatory agency with a governing board. Revenue is derived from licensing fees, fines and a percentage levy on wagering and purses paid. For additional financial information, see the ORC's Annual Report at: www.ontarioracingcommission.ca/default.aspx.

Ontario Securities Commission (OSC) is the regulatory body responsible for overseeing Ontario's capital markets, which include the equities, fixed-income and derivatives markets. The OSC's mandate, set by statute 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. The OSC administers and enforces the provincial *Securities Act* and the *Commodity Futures Act*, and administers certain provisions of the *Business Corporations Act*.

The OSC is included in the Ministry of Finance's Expenditure Estimates on a consolidated basis.

PERFORMANCE AND RESULTS

The Ministry of Finance’s objective is to promote a dynamic, innovative and growing economy, and to manage the fiscal, financial and related regulatory affairs of the Province of Ontario in addition to delivering revenue and benefit programs in support of a better future for Ontarians.

The ministry’s provision of appropriate guidance, advice and coordination to the Minister, other ministries, Treasury Board/Management Board of Cabinet and other committees of Cabinet is demonstrated by the production of the 2012 Ontario Budget, 2011 Economic Outlook and Fiscal Review, and Expenditure Estimates.

In 2011-12 the ministry demonstrated its leadership in the modernization of the Ontario operations and the transformation of government services in the following ways:

- As a result of the ministry’s successful partnership with the Family Responsibility Office, the time it takes to update case information has been reduced from about 30 days to within 48 hours.

- An underground economy pilot project with the Ministry of Labour, focusing on the construction industry resulted in benefits to both ministries. Proven benefits included the development of an enterprise-wide risk assessment tool and the use of cross-appointments of inspectors to share information.

- The ministry’s Forensic Data Recovery and Forensic Accounting Services are being utilized by a growing number of Ontario Public Service (OPS) ministries and the broader public sector to support investigations. Increased forensic accounting and forensic data recovery support has reduced the reliance on and costs related to hiring expensive forensic consultants as well as reducing the timelines for investigations.

- As part of the *Ontario Clean Energy Benefit Act*, the ministry provided assistance to the Ministry of Energy in providing audit services to ensure that payments made under this program complied with the legislative requirements of the Act. Ministry staff members prepared a compliance strategy and audit program, and began audits of local distribution companies.

- The ministry engaged leaders from the not-for-profit sector and conducted province-wide consultation on procurement practices with more than 100 publicly funded organizations. These consultations resulted in the development of the Procurement Guideline for Non-Designated, Publicly Funded Organizations.

- The ministry developed an integrated technology solution to assist the Office of the Budget and Treasury Board in assembling the Ontario fiscal plan. This solution allows all ministry business planning areas the ability to draft and submit budget requests for all budget phases, using a common application.

- The Auto Insurance Anti-Fraud Task Force delivered an interim report in December 2011, resulting in, among other things:
  - enhanced auto insurance fraud training for police officers, and
  - amended regulations to ensure that treatments are provided as invoiced.

- Modernized pension regulation by implementing regulatory changes for:
  - pension division on marriage breakdown and the regulation of multi-jurisdictional pension plans;
  - the Pension Benefits Guarantee Fund that will make it more sustainable in the long-term; and
  - single-employer public sector pension plans with temporary solvency funding relief.

- Supported government direction to modernize Ontario Lottery and Gaming Corporation (OLG) gaming and lottery operations through a number of key initiatives which will increase revenues to the province and create more operational efficiencies for the agency.

- Continued delivery of the Ontario Deposit Return Program (ODRP) which has diverted almost 1.4 billion wine and spirits containers from landfills since it launched in 2007.

- The ministry successfully negotiated the Reciprocal Taxation Agreement with the federal government and performed analysis of corporate income tax reform proposals related to the taxation of corporate groups, including publication of an Ontario analysis paper.

LOOKING FORWARD

The Ministry of Finance has undergone a major organizational transformation following the implementation of the federally-administered Harmonized Sales Tax and the merger with the former Ministry of Revenue. These changes have presented a significant opportunity to leverage the wide range of expertise within the ministry to further the modernization of the Ontario Public Service (OPS). It also provides an opportunity to re-engineer, as necessary, the ministry's processes to improve efficiency, quality, and time required to develop products and services – for the OPS, the broader public sector and the people of Ontario.

The ministry continues to ensure the effectiveness, efficiency and integrity of the government's financial systems, process and information to maintain the Province's Public Accounts and support delivery of the Ontario Budget, Economic Outlook and Fiscal Review.

In addition to these responsibilities, the ministry will continue to support reforms to the way the government does business. Initiatives include:

- continuing to work with other ministries across the OPS to leverage its imaging and data capture technologies and expertise to reduce program costs and enable faster delivery of services to the public.

- introducing legislation that would permit it to perform compliance audits with respect to government-funded programs on behalf of other ministries and broader public-sector entities. This consolidation of the government's regulatory audit functions, when fully phased in, would generate savings for the Province and eliminate the need for multiple ministries to inspect and audit the same companies throughout the year. This initiative is expected to generate additional revenues of $50 million annually by 2014-15.

- developing a legislative framework that would provide it with authority to consolidate and collect all provincial debt owed to the Crown. Once operational, this framework would enable the ministry to use highly effective tax collection tools on non-tax debt. Centralizing provincial collection activities is expected to generate additional revenues of $25M annually by 2014-15.

- optimizing Liquor Control Board of Ontario (LCBO) revenue potential in a socially responsible way by growing its business revenues through new measures and implementing operational efficiencies, ultimately maximizing dividends to the Province. An additional $200 million per year is expected from the LCBO by 2014-15.

- modernizing the Ontario Lottery and Gaming Corporation (OLG) to maximize its return to government. This will be accomplished by increasing OLG revenues and supporting its efforts to become more efficient. Also, the role of the private sector in OLG's operations and capital requirements will be broadened through a number of initiatives (e.g., reconfiguring the number and location of gaming sites and tailoring the type of gaming activities at those sites, the benefits of which will be enhanced by ending the Slots at Racetracks Program effective March 31, 2013).

- continuing to implement the recommendations of the Provincial-Municipal Fiscal and Service Delivery Review. As a result, municipalities will see over $1.8 billion in 2012 through the combined benefit of the Ontario Municipal Partnership Fund (OMPF) and provincial uploads: $583 million in OMPF grants; and $1.2 billion in reduced costs resulting from the province's uploads.

Additionally, the Ministry of Finance is leading a number of initiatives that will enhance services that directly impact the people of Ontario – by protecting Ontario's revenue stream that is used to support key government programs including education and health care. For example:

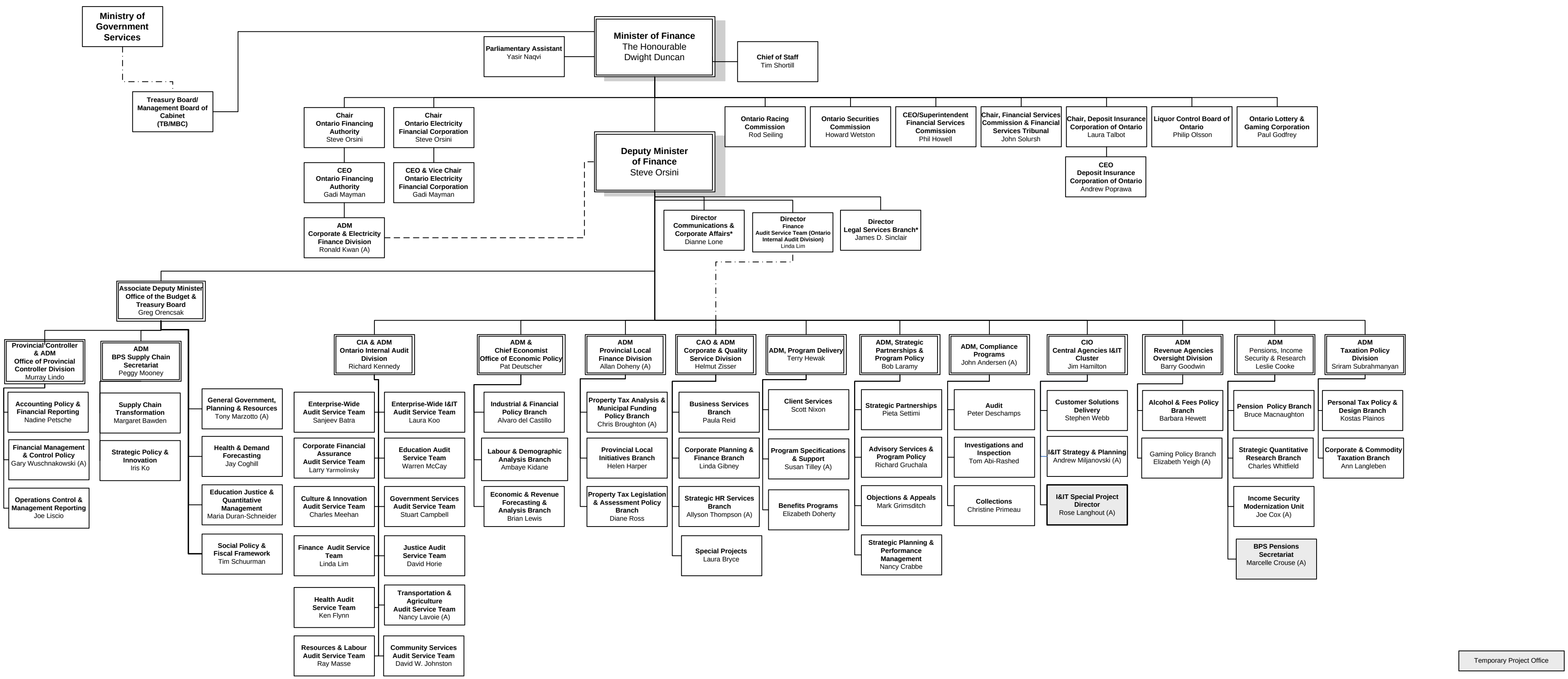
- The ministry will continue to move forward with a number of initiatives that will transform the delivery of income-based benefit programs. This includes providing more efficient program administration and delivery, seeking to reduce duplication between levels of government and introducing a My Benefits Account to allow simplified access to multiple income-based benefits and programs.

- The ministry will implement measures that would require recipients of government grants and other forms of direct government assistance to be compliant with their tax obligations.

- The ministry plans to introduce amendments to the *Tobacco Tax Act* in the fall to provide additional enforcement and compliance tools. As part of the process, the government is actively exploring a number of measures, including increased fines for those convicted of tobacco-related offences, impounding vehicles used to transport illegal tobacco and replacing Ontario's yellow tear tape with the federal stamp.

- The ministry will continue to work with the federal government to ensure that federal administration of Ontario taxes is conducted in the most efficient and effective manner, with demonstrated accountability to Ontario taxpayers. In addition, Ontario will continue to collaborate with the federal government on measures to combat corporate tax avoidance and underground economic activities.

Ministry of Finance
April 30, 2012 Organizational Structure



LEGISLATION

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

Taxation, Agencies and Pensions Policy

Item 1202-1: Office of Taxation, Agencies and Pensions
Alcohol and Gaming Regulation and Public Protection Act, 1996 (Part II only)
Community Small Business Investment Funds Act, 1992
Corporations Tax Act
Crown Foundations Act, 1996
Electricity Act, 1998 (specific provisions only)
Employer Health Tax Act
Estate Administration Tax Act, 1998
Fuel Tax Act
Gasoline Tax Act
Highway Traffic Act (specific provisions only)
Income Tax Act
Land Transfer Tax Act
Liquor Control Act
Mining Tax Act
Ministry of Revenue Act
Ontario Guaranteed Annual Income Act
Ontario Lottery and Gaming Corporation Act, 1999
Pension Benefits Act
Race Tracks Tax Act
Racing Commission Act, 2000
Retail Sales Tax Act
Taxation Act, 2007
Taxpayer Protection Act, 1999
Tobacco Tax Act

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 (specific provisions only)
Education Act (specific provisions only)
Electricity Act, 1998 (specific provisions only)
Municipal Act, 2001 (specific provisions only)
Municipal Property Assessment Corporation Act, 1997
Provincial Land Tax Act, 2006
Tax Incentive Zones Act (Pilot Projects), 2002
Tax Increment Financing Act, 2006

Item 1203-8: Office of the Budget and Treasury Board

Auditor General Act
Capital Investment Plan Act, 1993 (Parts I and II only)
Financial Administration Act
Fiscal Transparency and Accountability Act, 2004
Interim Appropriation Acts
Investing in Ontario Act, 2008
Public Sector Salary Disclosure Act, 1996
Supplementary Interim Appropriation Acts
Supply Acts

Financial Services Industry Regulation

Item 1204-1: Financial Services

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

<u>Item 1204-2: Motor Vehicle Accident Claims Fund</u>

Motor Vehicle Accident Claims Act

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

Tax and Benefits

<u>Item 1209-1: Tax and Benefits Administration</u>

Alcohol and Gaming Regulation and Public Protection Act, 1996 (Part II only)
Community Small Business Investment Funds Act, 1992
Corporations Tax Act
Electricity Act, 1998 (specific provisions only)
Employer Health Tax Act
Estate Administration Tax Act, 1998
Fuel Tax Act
Gasoline Tax Act
Highway Traffic Act (specific provisions only)
Income Tax Act
Land Transfer Tax Act
Mining Tax Act
Ministry of Revenue Act
Ontario Clean Energy Benefit Act, 2010 (specific provisions only)
Ontario Guaranteed Annual Income Act
Provincial Land Tax Act, 2006
Race Tracks Tax Act
Retail Sales Tax Act
Taxation Act, 2007
Tobacco Tax Act

Treasury

<u>Statutory Item: Interest on Debt for Provincial Purposes</u>

Capital Investment Plan Act, 1993 (Parts I and II only)
Financial Administration Act
Ontario Loan Acts

Other

MPPs Pension Act, 1996
Public Sector Compensation Restraint to Protect Public Services Act, 2010
Province of Ontario Savings Office Act
Province of Ontario Savings Office Privatization Act, 2002
Skydome Act (Bus Parking), 2002
Social Contract Act, 1993
Succession Duty Legislation Repeal Act, 2009

MINISTRY FINANCIAL INFORMATION

Table 1: Ministry Planned Expenditures 2012-13 ($M)

*Excluding Consolidation and Other Adjustments

Table 2: Operating and Capital Summary by Vote

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 2011 Ontario Budget.

LIST OF ACRONYMS

ADM	Assistant Deputy Minister
BET	Business Education Tax
BPS	Broader Public Sector
BPS-SCS	Broader Public Sector Supply Chain Secretariat
CAC	Central Agencies Information and Information Technology Cluster
CIO	Chief Information Officer
CPPIB	Canada Pension Plan Investment Board
CT	Corporations Tax
DICO	Deposit Insurance Corporation of Ontario
EHT	Employer Health Tax
FAIRS	Flexible and Integrated Risk System
FAST	Finance Audit Service Team
FPT	Federal-Provincial-Territorial
FRO	Family Responsibility Office
FSCO	Financial Services Commission of Ontario
GAINS	Guaranteed Annual Income System
HR	Human Resources
HST	Harmonized Sales Tax
I&IT	Information and Information Technology
IFIS	Integrated Financial Information System
iGAMING	Internet Gaming
LCBO	Liquor Control Board of Ontario
LTT	Land Transfer Tax
MFTT	Motor Fuels and Tobacco Tax
MOST	Modernizing Ontario’s Systems for Tax Administration
mTCA	Moveable/Minor Tangible Capital Assets
MVACF	Motor Vehicle Accident Claims Fund
NOEC	Northern Ontario Energy Credit
OBTB	Office of the Budget and Treasury Board
OCEB	Ontario Clean Energy Benefit
ODSP	Ontario Disability Support Program
OEFC	Ontario Electricity Financial Corporation
OEP	Office of Economic Policy
OFA	Ontario Financing Authority
OIAD	Ontario Internal Audit Division
OIIC	Ontario Immigrant Investor Corporation

OLG	Ontario Lottery and Gaming Corporation
OMPF	Ontario Municipal Partnership Fund
ONT-TAXS	Ontario’s Tax Services
OPCD	Office of the Provincial Controller Division
OPS	Ontario Public Service
ORC	Ontario Racing Commission
OSC	Ontario Securities Commission
OTAP	Office of Taxation, Agencies and Pensions
OW	Ontario Works
PBGF	Pension Benefits Guarantee Fund
PLFD	Provincial-Local Finance Division
PMFSDR	Provincial-Municipal Fiscal and Service Delivery Review
PSAB	Public Sector Accounting Board
PSPF	Public Service Pension Fund
RbP	Results-based Plan(ning)
RFP	Request for Proposal
RG	Responsible Gaming
RIM	Recorded Information Management
RIS	Retirement Income System
STRSP	Short-term Rent Support Program
WLA	World Lottery Association

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**: 1-866-668-8297
- **E-mail**: finance.communications@fin.gov.on.ca
- **In Person**: location of ServiceOntario/Government Information Centres can be found on Find Us - Ontario.ca where you can access a wide range of general government information related to the Ministry of Finance.
- **Mail**:

  Ministry of Finance
  33 King Street West
  PO Box 627
  Oshawa ON L1H 8H5

Appendix: 2011-12 Annual Report

Ministry of Finance

2011-12 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 2011-12.

Office of Taxation, Agencies and Pensions

- Supported the province's leadership role during Federal-Provincial-Territorial (FPT) Finance Ministers' meetings and negotiations on improving Canada's retirement income system (RIS).
- Modernized pension regulation by introducing new regulatory regimes for pension division on marriage breakdown and the regulation of multi-jurisdictional pension plans.
- Implemented regulatory changes to the Pension Benefits Guarantee Fund that will make it more sustainable in the long-term. Made a permanent solvency funding exemption available to a number of jointly sponsored pension plans.
- Implemented regulatory changes that provide single-employer public sector pension plans with temporary solvency funding relief. Announced in the 2012 Budget initiatives that are designed to make public sector pension plans more affordable and sustainable.
- Implementation of Ontario's Tax Plan for Jobs and Growth, including the HST:
    - Ontario has moved from having one of the highest provincial Corporate Income Tax (CIT) rates to the fourth lowest in Canada.
    - Over three years, the tax plan and additional measures is providing $12 billion in temporary and permanent tax relief to people (including the Children's Activity Tax Credit, the Northern Ontario Energy Credit, and the proposed Healthy Homes Renovation Tax Credit).
    - Technical bulletins and brochures were provided to help educate the public on Ontario's tax benefits, including the Ontario Trillium Benefit.
- Key 2012 Budget initiatives, including a proposed freeze on the general Corporate Income Tax rate until the budget is balanced; a new income-tested deductible for the Ontario Drug Benefit; and adoption of the Public Sector Accounting Board's tax revenue standard for reporting tax expenditures.
- Other key accomplishments in tax policy included successful negotiation of the Reciprocal Taxation Agreement with the federal government and analysis of corporate income tax reform proposals related to the taxation of corporate groups, including publication of an Ontario analysis paper.
- Worked with the Ontario Lottery and Gaming Corporation (OLG) as it continued to implement Internet Gaming and a Charitable Bingo and Gaming Revitalization Initiative conducted and managed by OLG.
- Supported government direction, in March 2012, to modernize OLG gaming and lottery operations over the next five years through a number of key initiatives. These changes will increase revenues to the province and create more operational efficiencies for the agency.
- Provided ongoing oversight to the Ontario Racing Commission (ORC).

- Procured and negotiated a new contract, in accordance with Treasury Board/Management Board of Cabinet approval framework, to continue delivery of the Ontario Deposit Return Program (ODRP) for another five-years (with option to extend for a sixth year). This successful environmental initiative has diverted almost 1.4 billion wine and spirits containers from landfills since it launched in 2007.

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 2011 Economic Outlook and Fiscal Review and quarterly Ontario Economic Accounts. Also included key contributions to the 2012 Pre-election Report and facilitating the Auditor General's review of that document as required by FTAA (*Fiscal Transparency and Accountability Act, 2004*). Provided policy analysis and forecasts that was included in the 2012 Ontario Budget.
- Provided analysis and advice on key government policy initiatives in innovation, social innovation, risk capital, aboriginal affairs, water, climate change, and strategies for knowledge and training; as well as government investments and research support for strategic industry sectors.
- Provided support to the Ontario Automobile Insurance Anti-Fraud Task Force, as announced in Budget 2011. Continued work on advancing the government's direction to review the non-automobile parts of the Insurance Act.
- Provided support and advice on efforts to establish a Canadian Securities Regulator, including Ontario's support of the federal reference of the proposed *Canadian Securities Act* to the Supreme Court of Canada, the development of regulatory frameworks for over-the-counter derivatives and credit rating agencies; the updating of rules relating to the sale of investment funds, the introduction of rules for clearing agencies and dark pools and the tightening of investor protection measures.
- Produced the Ontario Population Projections, 2010-2036 for the province and each of its 49 Census Divisions and provided on-going support for the government's compensation strategy and Poverty Reduction Strategy.
- Provided analysis on human capital issues, including reports on labour market developments for at-risk groups including youth and immigrants, and options and advice for skills training, immigration and post-secondary education.

Provincial Local Finance Division

- Committed $583[1] million to 373 municipalities in funding through the 2012 Ontario Municipal Partnership Fund (OMPF) grants.
- Facilitated the provincial uploads of an estimated $1.2 billion in social assistance benefit program and court security and prisoner transportation costs to municipalities in 2012. This year the province continues the phased upload of Ontario Works (OW) benefits and begins to phase in the upload of court security and prisoner transportation costs, building on the previous upload of the Ontario Drug Benefits (completed in 2008) and the Ontario Disability Support Program (completed in 2011).

[1] The $583 million for the 2012 OMPF reflects the municipalities' fiscal year (January to December), which is different from provincial budget planning cycle (April to March).

In addition, the province has uploaded more than $170 million in support of municipal OW administration costs.

- Continued implementation of cuts to Business Education Tax (BET) rates. Since 2007, high BET rates have been cut significantly, resulting in savings of over $200 million for Ontario businesses.
- Implemented new property assessment policies to provide stable and equitable treatment to renewable energy generation facilities.

Budget and Treasury Board Office

- Led the coordination and monitoring of the province's fiscal plan and outlook and played a key role in developing the 2012 Budget, 2011 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.
- 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 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.

Office of the Provincial Controller

- Delivered the 2010-11 Public Accounts, including the Province's Annual Financial Report and Consolidated Financial Statements and supplementary Volumes, receiving a clean audit opinion from the Auditor General. Developed changes to legislation and regulations to maintain the current basis of reporting by Ontario's rate-regulated government business enterprises and to ensure consistency in accounting treatment for government transfers among entities consolidated on the Province's financial statements.
- Provided advice and guidance on proposed government policy initiatives including the review of the municipal accountability framework. Provided support for the implementation of Public Sector Accounting Board's new accounting standard on Tax Revenue and the transition of certain government business enterprises to International Financial Reporting Standards.
- Worked with ministries on the annual Certificate of Assurance process on the status of ministries' internal controls and implemented enhancements to controls for financial systems and financial processes specified under legislation.
- In collaboration with the Ministry of Infrastructure, revised the reporting and appropriations for investments on new building construction to clearly identify these new asset investments within each responsible ministry's appropriations. This will

contribute to clear accountability and reporting transparency for the management of those assets.

- Led the impact assessment for the major upgrade of the government's central financial system. The system is critical to the management of the government's finances and transfer payments to individual Ontarians, the Broader Public Sector, and other organizations involved in the delivery of government programs. The impact assessment has been completed, and an implementation plan is under development for work starting in the 2012-13 fiscal year.

Broader Public Sector Supply Chain Secretariat

- Completed the education, training and information campaign for designated BPS organizations to implement the BPS Procurement Directive, which included:
  - participation of more than 1,000 BPS stakeholders; and
  - the development of an Implementation Guidebook and Implementation Toolkit
- Engaged leaders from the not for profit sector and conducted province wide procurement practices consultations with more than 100 of these publicly funded organizations. These consultations resulted in the development of the *Procurement Guideline for Non-Designated, Publicly Funded Organizations.*
- Completed the Operating Room (OR) Supply Chain pilot projects, with savings and efficiencies achieved across 14 Ontario hospitals. Published a resource guide through the Ontario Hospital Association entitled *Optimizing Your Perioperative Supply Chain*.
- Completed a national and international cross-jurisdictional review of supply chain and back office transformation.

Ontario Internal Audit Division (OIAD)

- Continued to be in demand from Ministries. Client survey results indicate that our clients are 90% satisfied or more, year after year with our services.
- Continued to evolve the Corporate Financial Assurance Program 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, transformational initiatives, strong fiscal management, and management policy frameworks, and corporate directives frameworks to strengthen risk management, control effectiveness, Transfer Payment Accountability, and Agency Governance.

Central Agencies Information & Information Technology Cluster

- Implemented a shared authentication service with Service Ontario's Open for Business initiative. This supports faster, smarter and more streamlined government-to-business services by allowing authorization of existing users (tax clients), as well as providing access to more detailed account information such as the Business Directory.
- Modernized the administration of Corporations Tax Residual Taxes (Corporate Tax Payments-in-lieu, Mining Tax and Premium Tax), by moving these applications to OntTax. This enhances the ability of the Ministry of Finance to administer the

revenue flow, thus supporting the OPS priority of greater fiscal responsibility and revenue collections.

- Formalized the imageON service as a common, green, imaging business solution for all ministries and agencies to use. The imageON service enables information management in the OPS through high-volume and/or complex imaging and digitization of data, as well as the transfer of images to a location determined by each business partner.
- Established a single “Data Collection Facility Portal” solution for Ontario Clean Energy Benefit (OCEB) data entry and analysis. The information collected will support the Ministry of Finance in developing an annual OCEB audit plan, inform the Ontario Financing Authority’s forecasting of OCEB expenditures and support the Ministry of Energy in the overall program management of the OCEB program.
- Designed, developed and delivered an application to support the Ministry of Municipal Affairs and Housing and Ministry of Finance in the administration of the Short-term Rent Support Program (STRSP). STRSP will provide financial rental assistance to eligible households across the province and support the objectives of the Ontario Long Term Affordable Housing Strategy of local community planning and regional flexibility.
- Implemented and activated imaging of Family Responsibility Office (FRO) documents, and transferred and integrated FRO’s main fax line onto the imageON electronic fax service. This supports the Ministry of Community and Social services and Ministry of Finance’s partnership to develop and implement an integrated solution for document imaging.
- Developed an integrated technology solution to assist the Office of the Budget and Treasury Board (OBTB) in assembling the Ontario fiscal plan. This solution allows all ministry business planning areas the ability to draft and submit budget requests, using a common application, for all budget phases.

Program Delivery Division

- In March 2011, the ministry launched the Ontario Benefits Directory, which provides online access to information for over 40 benefit programs. This directory allows citizens to search for benefit programs based on status (e.g. single, or a senior) and/or needs (e.g. dental care or employment assistance) and makes it easier to find information about programs and the application process and to learn about new programs. The directory also features a locator for walk-in service as well as an updated online tax calculator that allows individuals and families to determine what Ontario tax credits they may be eligible to receive.
- Applications for the Electric Vehicle Incentive Program continue to be processed on behalf of the Ministry of Transportation. This program supports the government’s climate change program by providing a financial incentive to support the purchase or lease of qualified new plug-in vehicles.
- The Ministry of Municipal Affairs and Housing is currently working with the City of Toronto to enter into an agreement that would allow the ministry to provide the administrative service for the housing allowance component of the recently announced Investment in Affordable Housing initiative, a program that will provide increased flexibility to meet local housing needs.

Strategic Partnerships and Program Policy

- Passage of Bill 186 - Supporting Smoke-Free Ontario by Reducing Contraband Tobacco Act, 2011 on June 1, 2011, which introduced amendments to the *Tobacco Tax Act* including provisions relating to: raw leaf tobacco, fine cut tobacco, arrangements and agreements with First Nations, enforcement, and matters of terminology. Technical and administrative amendments have also been made.
- Provided support to the First Nations Facilitator, who was hired by the ministry to facilitate a listening exercise and to report on the views of First Nations on tobacco matters on reserve to better understand First Nations perspectives and provide the government with important information for future dialogue.
- Continued to build collaborative relationships and partnerships with other jurisdictions including the Canada Revenue Agency (CRA).
- Provided provincial training materials and training support to the CRA for the community volunteer income tax program for two calendar years.
- Hosted many tax credit and benefit sessions for seniors, low-income groups, and aboriginal groups.
- Expanded information and tools available online (web pages, including calculator), and responded to thousands of internet enquiries about Ontario's tax credits and benefits.
- Worked with business and commodity tax groups to identify and resolve HST transition issues and RST wind-down issues.

Compliance Programs Division

- The availability of cheap, illegal tobacco makes it easier for non-smokers, especially youth, to start smoking, and removes an incentive for smokers to quit, undermining the government's policies to reduce smoking. For the nine months ending December 31, 2011 the ministry referred 199 cases to prosecutions and had 32,621,416 seizures of unmarked cigarettes, 792,739 seizures of unmarked cigars and 9,126,108 grams of other tobacco seized.
- As a result of amendments to the *Tobacco Tax Act* (TTA) on June 1, 2011, prosecutions of smaller quantities of untaxed tobacco have increased due to the new provisions and corresponding offences for simple possession and for possession for the purpose of sale. Ministry enforcement units continue to work with police partners to prosecute authorized seizures made by police under the new provisions.
- In keeping with ministry efforts to ensure that all taxpayers pay their fair share of taxes and to educate taxpayers on eligibility requirements for claiming refunds under the First Time Home Buyers program, the ministry initiated an audit project that identified a significant number of ineligible claims that were registered electronically. During the 2011-2012 fiscal years, more than 800 assessments were issued resulting in a recovery of almost $2 million of land transfer tax that had not been properly paid. This audit project is ongoing.
- The Retail Sales Tax Audit program was successfully wound down on March 1, 2012. The program substantially achieved its revenue commitments and doubled its audit coverage. As part of the wind down of the Retail Sales Tax (RST), the ministry engaged the Ontario Hospital Association (OHA) and offered to prepare, for its members, a claim for any RST overpayments to ensure the money stayed within the

health care system. Nearly $33 million remained in the health care system as a result of this initiative.
- The FAIRS (Flexible and Integrated Risk System) capabilities was enhanced by adding information from new statutes (Employer Health Tax, Fuel Tax and Tobacco Tax). The predictive capabilities provided by the FAIRS solution allow the ministry to better prioritize collector workloads maximizing recoveries. The FAIRS project was implemented to provide data modeling capabilities. These capabilities allow the ministry to accurately predict the probability of payment of accounts receivable through the use of a data mining tool and analytic/predictive models.

Ministry Administration

Financial and Administrative Services

- Managed the Results-based Planning process for the Ministries of Finance and Revenue, meeting corporate expectations on the 2011-12 Printed Estimates, the 2011-12 Results-based Plan Briefing Books and the 2012-13 Results-based Plan submission. Coordinated the Estimates Review by the Standing Committee on Estimates for both the Ministry of Finance and the Ministry of Revenue.
- Continuously monitored expenditure plans and communicated strategies to contain costs, resulting in the timely declaration of savings for the Ministry of Finance and the Ministry of Revenue.
- Managed in-year submissions to central agencies to address emerging business requirements, project approvals, report backs and financial risks.
- Managed the 2010-11 Public Accounts process for both the Ministry of Finance and the 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 annual joint ministry physical security plan in compliance with the OPS Physical Building Security Operating Policy. Submitted the annual Continuity of Operations Plan.
- Continued to support corporate priorities by advancing initiatives such as establishing a diversity and inclusion advisory group; developing annual Accessibility Plan; developing the annual Green Plan.
- Coordinated Ministry participation in the Employee Engagement survey and planning for initiatives to address results.
- Developed a comprehensive accommodation strategy to efficiently utilize the Ministry's accommodation portfolio and reduce its footprint.

Strategic Human Resources Services Branch

- Provided strategic human resources advice and support to the Ministry of Finance.
- Provided technical advice and support for business transformation initiatives, including activities stemming from the 2011 Ontario Budget.
- Provided human resources advice and support for the organizational change initiatives in the former Ministry of Revenue.

- Provided human resources advice and support on the integration of the former Ministry of Revenue into the Ministry of Finance.
- Continued quality journey toward organizational excellence and was awarded Level 3 certification by Excellence Canada.

Communications and Corporate Affairs Branch

- Led the publication and production of key ministry products, including:
  - 2011 Pre-election Report on Ontario's Finances
  - 2012 Ontario Budget
  - 2012 pre-Budget consultations
  - 2010-11 Public Accounts of Ontario
  - 2011 Economic Outlook and Fiscal Review
  - Commission on the Reform of Ontario's Public Services
  - Public Sector Salary Disclosure
  - Provided advertising and promotional support for Ontario Savings Bonds: the campaign resulted in $565 million in sales during the three-week selling period in June 2011
  - Provided advertising for the 2011 Ontario Budget (campaign was initiated in March 2011 and continued into April 2011).

Legal Services Branch

- LSB is involved in the review of the budget papers and the drafting of the Budget Bill, Stronger Action for Ontario Act (Budget Measures) 2012 as well as providing advice in connection with various issues arising from the Budget, including pension and compensation issues.
- Provided legal advice in connection with the Province's borrowing program ~$34.9 billion in bond transactions last year (with transactions expected to be $35.6 billion in the current fiscal) and the associated derivatives program; involved in loans to public bodies in the amount of $956 million, $737 million of which went to school boards.
- Drafted Bill 186, which provided extensive amendments to *the Tobacco Tax Act*, including providing for the regulation of raw leaf tobacco.
- Provided legal advice in connection with: various securities matters (including Maple Group's proposed takeover bid for the TMX Group), insurance (including drafting amendments to the *Insurance Act* and the Statutory Accident Benefits Schedule and provided advice in connection with the Auto Insurance Anti-Fraud Task Force, pensions (including in connection with various pension issues including those resulting from the liquidation of Nortel Networks Limited and the closing by Caterpillar of the Electro-Motive facility in London, Ontario), OLG and the LCBO, the activities of the Forensic Investigation Team (including with respect to ORNGE).
- Involved in the prosecution of Provincial Offences charges laid by Ministry personnel as well as in the conduct of appeals and other civil actions arising from appeals of tax assessments under various provincial tax statutes, including the *Tobacco Tax Act*, the *Retail Sales Tax Act*, the *Corporations Tax Act*, the *Gasoline Tax Act*, the *Land Transfer Tax Act,* the *Employer Health Tax Act* and other statutes.

Finance Audit Services Team (FAST)

- FAST has been able to respond quite effectively to our client needs for both assurance and consulting services. A recent client satisfaction survey revealed that 89% of FAST clients were satisfied with services provided.
- FAST continued to assist the Ministry of Finance and its agencies as well as other ministries in their interaction with the Auditor General of Ontario relating to the Public Accounts FAST developed a briefing binder in consultation with Cabinet Office Communications and prepared senior government officials for the tabling of the Auditor General's 2011 Annual Report.

Ontario

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.
- DICO has enhanced the risk management requirements of insured institutions through updated standards of sound business and financial practices in the areas of internal audit and enterprise risk management.
- All institutions exhibiting higher than acceptable risk profiles were subject to increased scrutiny and appropriate steps were taken to protect depositors.
- DICO has taken proactive steps to recover past losses from failures due to fraud and illegal activities of former credit union employees and directors. In 2011 DICO was successful in recovering approximately $4M from past losses.
- DICO's website provides transparent, accessible information to the public on DICO's deposit insurance coverage, regulatory activities, programs and performance.
- At the end of 2011, DICO's Deposit Insurance Reserve Fund increased to $113.2 million to provide increased safety and security for depositors.

Financial Services Commission of Ontario (FSCO)

- **Addressing fraud in the auto insurance industry in conjunction with the Auto Insurance Anti-Fraud Task Force.**
  FSCO chaired the Regulatory Practices Working Group and the Health Claims for Auto Insurance (HCAI) Anti-Fraud Working Group. FSCO is a member of the Prevention, Detection, Investigation and Enforcement Working Group and the Consumer Engagement and Education Working Group, which provided input into the Task Force interim report. FSCO issued new insurer requirement that company CEOs attest that cost, fraud and abuse controls are in place to ensure compliance with the Statutory Accident Benefits Schedule.
- **Successfully implemented initiatives identified in the 2010 auto insurance reforms, including the Minor Injury Treatment Protocol development project, the Catastrophic Impairment definition review, and a Closed Claim Study.**
  An RFP for consulting services to develop a new Minor Injury Treatment Protocol was released in 2011. The Catastrophic Impairment Expert Panel prepared two reports in 2011. The first included recommendations on the definition of "catastrophic impairment", the second provided details on training and experience required for assessors of catastrophic impairment. In December 2011, the Superintendent submitted his report and recommendations to the Minister of Finance on the Definition of Catastrophic Impairment in the Statutory Accident Benefits Schedule, following consultations with stakeholders. Early in 2012, FSCO issued an RFP for consulting services to conduct a Closed Claim Study.
- **Implemented initiatives to address the dispute resolution system (DRS) backlog, including:**
  - a new DRS e-Calendar system;
  - mandatory blitz settlement days in which files are grouped by law/paralegal firm and insurer, with the aim of closing multiple files in a single day; and

- a Consent to Fail process where there is joint consent from both parties that no reasonable prospect of a resolution exists if a mediation were to be held.

  In January, FSCO issued a Request for Proposal (RFP) seeking up to four private dispute resolution companies to provide services to address the backlog.
- **Implemented initial phase of the multi-year Risk Based Regulation Framework for Pensions.**
  Current focus is on developing the comprehensive risk assessment methodology and related documentation. Pilot projects on financial and operational risk reviews were started and are scheduled to be completed by fall 2012.
- **Implemented a multi-strategy approach to address compliance issues in the mortgage broking sector.**
  FSCO developed new mandatory re-licensing education requirements for all mortgage brokers and agents to be completed by March 31, 2012 to renew their licences. Conducted annual field visits to mortgage brokerages and administrators to ensure required policies and procedures were in place. Confirmed brokerages had appropriate errors and omissions insurance.
- **Worked with Ministry of Finance to develop regulatory policy initiatives announced in the 2012 Ontario Budget.**
  The Budget announced several initiatives to strengthen FSCO's regulatory capacity.

Financial Services Tribunal

- In 2011 the FST continued its intensive review of its Rules of Practice and Procedure, including its prescribed forms. These are being updated to reflect changes to principles of administrative law under related legislation, case law, and applicable financial services legislation. The review included an extensive stakeholder consultation process. The Tribunal is considering feedback from that process and will be concluding the process in 2012-13.

Liquor Control Board of Ontario (LCBO)

- Generated approximately $1.6 billion in revenue to the province, which contributes to key government priorities such as health care, education and skills training, and infrastructure investment that benefit all Ontarians.
- Enforced its social responsibility mandate by refusing service where appropriate and raised awareness of alcohol related issues through public campaigns such as Deflate the Elephant.
- Continued its commitment to the environment with the Ontario Deposit Return Program, surpassing one billion containers returned since launching in 2007. Achieved a combined waste diversion rate of 92 per cent for the containers LCBO sells when the Ontario Deposit Return Program and municipal Blue Box systems are taken together.
- Launched a major one time initiative to optimize the value of public assets by proposing to sell LCBO's head office property.
- Identified a number of strategic measures aimed at increasing efficiencies and optimizing revenue potential in fiscal 2013-14 and 2014-15.

Ontario Economic Forecast Council

- Council provided advice to the Minister relating to macroeconomic forecasts and assumptions used to prepare the 2012 Budget and the related fiscal plan.

Ontario Electricity Financial Corporation (OEFC)

- Interim actuals for 2011-12 in the 2012 Ontario Budget show an excess of revenue over expense of about $1.2 billion, which would reduce the Corporation's unfunded liability (or stranded debt) from $13.4 billion to $12.3 billion, as at March 31, 2012. This would be the eighth consecutive annual decline in the unfunded liability ($7.1 billion below the $19.4 billion level at the time the former Ontario Hydro was restructured on April 1, 1999).

Ontario Financing Authority (OFA)

- Completed the Province's long-term borrowing program, with more than 80% borrowed in the domestic market, well above the target of at least 60%, and achieved program objective of term extension. The term extension allowed the Province to lock in low interest rates for a longer period thereby offsetting the impact of expected higher interest rates on the Province's Interest on Debt costs. The OFA also provided $1.7 billion in long-term loans to public bodies, including a number of school boards, Ontario Colleges and crown corporations.
- Leveraged the higher cash resulting from lower deficits in 2010-11 and 2011-12 to repurchase Ontario Bonds issued by the Province to smooth out the large debt maturities in the next two years.
- Through effective debt management and lower than forecast interest rates and deficits, Interest on Debt costs came in $200M below what was projected in the 2011-12 budget.
- Undertook significant due diligence on Aboriginal Loan Guarantee Program applications.
- Continued to provide cost effective banking and cash management services to the OPS. Ensured significant progress on implementing mandatory Payment Card Industry Data Security Standards for payments that various ministries receive via credit and debit cards.

Ontario Lottery and Gaming Corporation (OLG)

- Generated approximately $6.5 billion in gross revenues and delivered $1.8 billion in net profits to the Province.
- Lottery and gaming operations supported over 17,000 jobs in Ontario at OLG gaming facilities, resort casinos and head offices.
- Attained the highest level of recognition, in April 2011, for its Responsible Gaming (RG) program from the World Lottery Association (WLA). OLG became just the fifth gaming operator in North America and one of only 22 in the world to achieve Level 4 accreditation from the WLA.
- Continued to implement Internet Gaming (iGaming) and a Charitable Bingo and Gaming Revitalization Initiative conducted and managed by OLG. This included the

launch of a competitive Request for Proposals in December 2011 to procure a third-party vendor to develop and operate an iGaming site.

- Delivered the *Modernizing Lottery and Gaming in Ontario* report to the Minister of Finance in March 2012 and the government directed OLG to modernize OLG gaming and lottery operations over the next five years through several initiatives including:
  - Reconfiguring the number and location of gaming sites and tailoring the type of gaming activities at those sites, the benefits of which will be enhanced by ending the Slots at Racetracks Program effective March 31, 2013;
  - Implementing a new fee model for municipalities hosting gaming sites;
  - Introducing a new sales channel for its lottery products by launching multi-lane sales at major retail outlets (e.g., grocery stores, drug stores, big box stores, etc.);
  - Increasing operational efficiencies at the OLG by broadening the role of the private sector.

Ontario Racing Commission (ORC)

- Regulated the horse racing industry in the public interest.
- Officiated over 1,500 race dates, including ensuring compliance with the rules of racing by performing investigations, drug-testing, searches for prohibited items, and enforcement of racetrack security standards.
- Administered on behalf of the industry horse programs including the Horse Improvement Program and the Quarter Horse Racing Industry Development Program.
- Implemented a second year (i.e., 2011) of the Ontario Racing Program which creates more balanced competitive races through the classification of racing based on purse amounts/horse supply and coordination of race dates across the province.

Ontario Securities Commission (OSC)

- The OSC engaged in a comprehensive organizational review and benchmarking exercise against international regulatory best practices that resulted in a new three-year Strategic Plan. The Plan sets out how the OSC will deliver effective regulation for the capital markets of Ontario, specifically through a greater focus on investor protection, research, policy coordination, risk management, performance reporting and operational excellence. The Plan will position the OSC as a leading and modern, efficient and effective regulatory agency.
- The OSC, as the lead regulator of the TMX, undertook a detailed regulatory, policy and operational review of significant issues for the capital markets underlying both the proposed acquisition of TMX Group Inc. by Maple Group Acquisition Corporation and the application by Alpha Group Inc. to be recognized as an exchange, including convening public consultations to receive direct submissions from interested stakeholders and liaising actively with other regulators.
- In response to concerns expressed in the marketplace in mid-2011 respecting emerging market issuers that were listed for trading and raising capital in our markets, the Commission undertook a comprehensive compliance focused review. The purpose of the Review was to assess the quality and adequacy of selected issuers' disclosure and corporate governance practices, as well as the adequacy of the gatekeeper roles played by auditors, underwriters and the exchanges, to identify

any broad policy issues and entity-specific concerns. The Review also examined the legal vehicles through which these issuers have accessed the Ontario market. The report identified areas of concerns and made numerous initial recommendations that will contribute to the protection of investors and strengthen the integrity of our markets.

- The OSC renewed its commitment to strengthen deterrence by bringing more quasi-criminal cases before the courts which resulted in a record number of jail sentences - securing more than 16 years in jail sentences in 2011, as compared against 195 days in 2010. OSC enforcement also increased its speed in responding to critical issues and events, including priority investigations, and took concrete steps to aid aggrieved investors of asset-backed commercial paper by obtaining Ontario Superior Court of Justice approval to distribute (with the Investment Industry Regulatory Organization of Canada - IIROC) over $59 million received from certain investment dealers and financial institutions through enforcement settlements.
- The OSC negotiated international MOUs to further support the OSC's cooperation, consultation and information-sharing activities with the following regulatory agencies: Financial Industry Regulatory Authority; Australian Securities and Investments Commission; and European Securities and Markets Authority.

Ministry 2011-12 Interim Actual Expenditures and Staff Strength

Table 1: Ministry Interim Actual Expenditures and Staff Strength, 2011-12

*Refer to pages 195-196 in the 2012 Ontario Budget