Public Accounts 2016-17: Minister's Foreword

I am pleased to present Ontario's Public Accounts for the fiscal year 2016-17.

The Public Accounts for Ontario prove we are on the right path to balance by comparing Ontario's actual performance to what was forecasted in the 2016 Budget.

The Public Accounts show that Ontario's deficit for 2016-17 is $X billion. This result is $X billion higher/lower than projected in the 2016 Budget and $X billion higher/lower than the 2017 Budget interim projection. This result is based on XYZ factors.

Commented [OE(1]: (TBC OPCD – e.g. lower than projected interest rates, prudent expenditure mgmt. etc) Will fill in as we get closer to final. Please treat as placeholder.

This marks the eighth year in a row that Ontario has beaten its deficit target. *NOTE: TBC the final numbers*.

Path to Balance

Our plan to return to balance is clear: make strategic investments to grow our economy while spending responsibly.

Our government is restoring balance through targeted, measured and fiscally responsible decisions — managing growth in program spending and fostering job creation and economic growth. We are making investments in key services like health care and education, while at the same time lowering costs for necessities like electricity and child care.

Ontario's economy is strong, with our real GDP growth having outpaced that of all other G7 countries over the last three years. Not only has Ontario's economy been one of the fastest-growing among provinces, it is also the most efficient, with the lowest program spending per capita.

In addition to balancing the budget, we are also tackling debt. Our continued focus on capital investment is fueling economic growth, which is resulting in GDP growing more quickly than debt. This will help us to lower Ontario's net debt-to-GDP ratio to the government's pre-recession level of 27 per cent.

Our plan is working – Ontario is set to balance the budget in 2017-18 and maintain a balanced budget for the next two years. A balanced budget means more funding for the programs and services people rely on most. It means more revenue can be spent on priorities, like health care and education, and less on interest. This will spur economic growth and improve the quality of life for people today and in future generations.

Accounting Changes

Treasury Board Secretariat prepares the Public Accounts in accordance with the accounting principles for governments issued by the Public Sector Accounting Board. To further enhance accountability and transparency, we have adopted a few accounting changes for this year's Public Accounts.

For the first time, we are presenting revenues and expenses for hospitals, school boards and colleges on a line-by-line basis. This means that third party revenues for these organizations that were previously netted against the sector expenses are now reported as revenue. This change increases transparency and is consistent with public sector accounting standards and reporting practices of other Canadian governments. While this shift in presentation increases both revenues and expenses, it does not impact the annual deficit, net debt, or accumulated deficit.

We are also reporting the net pension assets for jointly sponsored pension plans in this year's Public Accounts. Until the 2015-16 Public Accounts, Ontario had recognized pension assets in its financial statements since 2001. Last year, the Province's professional accounting staff and the Auditor General's Office could not reach an agreement on the appropriate application of the Public Sector Accounting Board standards regarding pension accounting for two of Ontario's jointly sponsored pension plans: the Ontario Teachers' Pension Plan (OTPP) and the Ontario Public Service Employees Union Pension Plan (OPSEUPP).

That is why our government formed the Pension Asset Expert Advisory Panel to deliver independent advice and recommendations on this issue. The panel was made up of accounting, legal and pension experts in the areas of jointly sponsored pension plan governance, actuarial modelling for pension plans and public sector accounting standards.

After careful study, the panel concluded that Ontario's share of the surplus of the net pension assets of both the OTPP and OPSEUPP should continue to be recognized as an asset in the Province's financial statements. Further, the panel advised that recognizing the asset will provide an accurate representation of the Province's financial position.

We have accepted Pension Asset Expert Advisory Panel's recommendations. As such, we have prepared this year's financial statements in accordance with public sector accounting standards for pension asset accounting, just as we have since 2001.

We will continue to move forward and present Ontario's finances fairly and accurately.

Openness and Transparency

As part of our commitment to openness and transparency, once again, we are using data visualization tools to help Ontarians better understand the Province’s finances.

This year, Ontario has:

- Released downloadable data sets through Ontario's Open Data Catalogue, including data on government organizations, government business enterprises and Trusts.
- Created new data visualizations, including interactive data tables, to help people easily sort and review key financial information.

To access these new tools, and to see the full Public Accounts online, visit Ontario.ca/publicaccounts.

Conclusion

The government will continue to build on its track record of responsible fiscal management.

Staying on the path to balance, while continuing to invest in key programs and services, is part of Ontario’s plan to create jobs, grow our economy and help people in their everyday lives.