Minister Sandals' Statement – Release of 2015-16 Financial Statements

- Ontario's Annual Report and unaudited Consolidated Financial Statements for 2015-16 show Ontario's deficit is $3.5 billion lower that the $8.5 billion projected in the 2015 Budget, with the province's deficit for 2015-16 at $5 billion.

- This is $0.7 billion lower than the $5.7 billion in the 2016 Budget interim projection.

- As I assured in the House last week, this marks the seventh year in a row that Ontario has beaten its deficit target. We are committed to balancing the budget in 2017-18 and remain balanced in 2018-19.

- In preparing the 2015-16 Annual Report and unaudited Consolidated Financial Statements, Treasury Board staff work with their colleagues in ministries across government to assemble financial information for the Annual Report and unaudited Consolidated Financial Statements.

- The Auditor General, conducts and review and issues an opinion on the government's adherence to independently established accounting standards

- As I announced to the House last week, there are still some ongoing discussions happening around a complex accounting issue.

- Earlier today, Minister Sousa and I met with the Auditor General and senior ministry officials to discuss the importance of resolving this issue, finalizing and releasing the 2015-16 Public Accounts.

- We did so because this year, the Auditor General the Province' with a new interpretation of public sector accounting standards as related to the accounting treatment of jointly-sponsored pension plans and are subject to a range of interpretations.

- Despite our best efforts to try to resolve concerns raised by the Auditor General, the Province's professional accounting staff and the Auditor General continue to have differences of opinion.

- To be clear, Ontario had followed the same pension accounting treatment for the past 14 years. The current Auditor General has accepted this treatment for the last two years, resulting in unqualified – or clean audit opinions.

- Three previous Auditors General have also accepted it. There has been no change to the relevant accounting standards over the past 14 years.

- The Public Sector Accounting Board has recognized the complexity of this issue and is working with governments across Canada to set an appropriate standard. Ontario will be part of this national discussion.

- In 2016 the C.D. Howe Institute, an independent research organization that assess the fiscal planning and reporting of governments in Canada, also commented positively on the financial reporting practices of Ontario relating to its fiscal reporting activities that include Public Accounts, the annual Budget and Estimates

- To acknowledge the different interpretations and to ensure openness and transparency with respect to province's financial position the government is releasing its financial statements.

- The government believes it is in the public interest to release its financial information. The government also believes it is in the public interest for the Auditor General to issue an audit opinion on Ontario's finances as soon as possible.

- The government regulated the treatment of pension assets in a manner that is consistent with the fiscal outcome proposed by the Auditor General. The impact of the change resulted in an additional $10.7 billion being added to the net debt and accumulated deficit.

- Although these financial statements are unaudited, it is important to stress that the Province's financial results show that the government has once again beaten its deficit targets and remains committed to achieving a balanced budget by 2017-18, and remain balanced in 2018-19.

- It is also important to stress that the two pension plans in question – the Ontario Public Service Employees Union Pension Plan and the Ontario Teachers' Pension Plan – are both healthy and well funded.

- Based on our respective positions at this time, we believe that this accounting matter would benefit from additional discussions, information and consideration.

- Ontario will also be engaging the expert accounting community to support a full understanding of the basis and nature of the differences.

- The Province will consult individuals with a range of backgrounds and experience, including preparers, joint sponsors and auditors of public sector financial reports.

- Additionally, our officials and professional accounting staff will continue to work with the Auditor General’s office to resolve this complex accounting issue related to pension assets so that we can table the audited Public Accounts with the Lieutenant Governor in Council as soon as possible.