Confidential **September 27, 2016**

2015-16 PUBLIC ACCOUNTS

Issue: What is reported in the 2015-16 Public Accounts tabled on September 27, 2016?

KEY MESSAGES:

- The Public Accounts for Ontario show Ontario's deficit for 2015-16 is $5.0 billion. This result is $3.5 billion lower than planned in the 2015 Budget and $0.7 billion lower than the 2016 Budget interim projection.

- This marks the seventh year in a row that Ontario has beaten its deficit target.

- Ontario remains committed to balancing the budget in 2017-18 while continuing to invest in the programs and services that matter to Ontarians such as health care, education and infrastructure.

- To help Ontarians better understand their government's finances, new digital tools have been developed that present the Public Accounts data in innovative, visual formats. These tools make Ontario's finances easier to understand, access, and use, and are part of Ontario's commitment to Open Government.

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

BACKGROUND:

Revenue Highlights

Against 2015 Budget:

- Revenues for 2015-16 came in at $128.4 billion, $4.0 billion or 3.2 per cent higher-than-forecast in the 2015 Budget. This was largely due to higher than projected taxation revenues and net revenues arising from the completion of the first phase of broadening Hydro One ownership. Government of Canada transfers were close to the 2015 Budget plan.

Against the Interim Estimates in the 2016 Budget:

- Revenues for 2015-16 came in at $128.4 billion, $1.8 billion or 1.5 per cent higher-than-interim forecast in the 2016 Budget. This was largely due to higher than projected taxation revenues; net revenues arising from the completion of the first phase of broadening Hydro One ownership; and slightly higher revenue from other sources. Government of Canada transfers were close to the 2016 Budget interim forecast.

Expense Highlights

Against the 2015 Budget plan:

Total expense in 2015-16 was $133.4 billion, which was $1.5 billion higher than the 2015 Budget plan. Program spending was $122.4 billion, up by $1.9 billion from planned spending of $120.5 billion largely due to higher than planned spending in the health, community and social services, and justice sectors, as well as a $1.5 billion increase in pension expense as a result of accounting policy change in pension assets. Interest on debt was $11.0 billion, lower by $0.4 billion from planned interest expense of $11.4 billion in the Budget plan.

Against the interim Estimates in the 2016 Budget:

- Total expense in 2015-16 was $133.4 billion or $1.3 billion higher than interim forecast in the 2016 Budget. Program spending was $122.4 billion or $1.5 billion higher than the interim forecast in the 2016 Budget, primarily due to a $1.5 billion pension related adjustment. Interest on debt was $11.0 billion, lower by $0.2 billion from interim forecast of $11.2 billion in 2016 Budget.

Net Debt

- Net debt as of March 31, 2016, was $296.1 billion, $2.8 billion lower than forecast in the 2015 Budget. Excluding the impact of the pension related adjustment, net debt was $4.3 billion lower than forecast in the 2015 Budget. Net debt grew by $11.5 billion during the year, representing a $12.5 billion increase in liabilities that was partially offset by a $1.0 billion increase in financial assets.

Commented [NP1]: Update for some assets being left on the B/S (perhaps)

Trillium Trust

- Volume 1 of the Public Accounts includes disclosures related to amounts allocated to the Trillium Trust account which totalled $1.35 billion as at March 31, 2016.
- A footnote in Volume 1 also provides disclosure reflecting that in August 2016, the Province filed a regulation crediting an additional $3.2 billion to the Trillium Trust related to the sale of Hydro One common shares which occurred in 2015–16.

Transparency and Accountability

- The FSD&A includes discussion of the basis of reporting used to prepare the Province's consolidated financial statements which is which is public sector accounting standards developed by the Public Sector Accounting Board (PSAB) of CPA Canada.

- PSAB's current conceptual framework project which is noted as it could significantly impact future accounting standards in Canada.

- This year's narrative also includes additional discussion on pension related uncertainties. Specifically, the Introduction to the Annual Report highlights an area of interest to both the Auditor General and the Province which could materially impact the financial results of the Province in the future. The Introduction addresses uncertainty in measuring pension related obligations and asset values, and the plan to work with the Auditor General in a review of pension related balances related to jointly sponsored pension plans (OTPP and OPSEUPP).

Timeliness of Tabling

TBD

Prepared by: Bharat Patel, Office of the Provincial Controller
Date Prepared: September 26, 2016
Reviewed by: Nadine Petsche

Approved by:	**Name:**
ADM, Office of the Provincial Controller	Cindy Veinot
Communications Branch	Emilie Smith

Appendix

Preparation and Tabling:

The Public Accounts for each fiscal year are prepared under the direction of the President of Treasury Board, as required by the *Financial Administration Act*.

The Public Accounts of Ontario consist of the Annual Report and 3 supplementary volumes. The Annual Report includes the province's audited consolidated financial statements and a financial statement discussion and analysis section. Supplementary information is contained in three volumes:

Volume 1:	Ministry statements for expenses, assets, revenue, detailed debt and other supplementary schedules. It provides a comparison of appropriations with actual spending.
Volume 2:	Financial statements of significant provincial corporations, boards, commissions that are part of the government's reporting entity, and other miscellaneous statements.
Volume 3:	Detailed schedules of payments made by ministries to vendors and transfer payment recipients.

The *Financial Administration Act* requires the President of Treasury Board to submit the province's Annual Report and consolidated financial statements to the Lieutenant Governor in Council (LGIC) on or before 180 days after fiscal year-end. This year, the deadline is September 27th, 2016.

The process for release of the Public Accounts is as follows:

- The Public Accounts are approved by the Lieutenant Governor in Council.
- The LGIC lays the Public Accounts before the Assembly, if the Assembly is in session, and the Public Accounts are then released on the same day.
- If the Assembly is not in session on the day of the release of the Public Accounts the LGIC is required to make the Public Accounts public and the Public Accounts are laid before the Assembly <u>on or before</u> the tenth day of the next session.