Standing Committee on Estimates

Preparing for the Future

RESPONSIBLE ADM:

QUESTION:

- **What steps is the Treasury Board Secretariat taking to ensure that the Province is prepared for the future?**

RESPONSE:

- We have taken a number of steps to ensure that the Province is prepared for the future.
- By balancing the budget, Ontario is committed to maintaining this balance and addressing the debt moving forward;
- By using behavioural insights and evidence-based decision making, Treasury Board Secretariat has embraced new tools to build evidence-based policies, improve services and reduce costs;

- By modernizing I&IT, we are ensuring its efficient and strategic use of information technology assets and resources; and
- By investing in infrastructure, Ontario is ensuring that public infrastructure is aligned with the needs of Ontarians by supporting priority projects, such as roads, bridges, public transit, hospitals and schools across the province.
- By creating a new accountability mechanism called a Designated Purpose Account, Ontario is providing enhanced reporting on the progress on government's commitments based on identified revenue streams to make high-priority investments, such as throughthe Trillum Trust and the Greenhouse Gas Reduction Account.
- Investments made through the Trillium Trust support Moving Ontario Forward infrastructure investments, and investments from the Greenhouse Gas Reduction Account support initiatives that reduce or support the reduction of GHGs.
- I'll ask ADM (name) to tell you more.

DETAILED RESPONSE:

- Thank you, Minister.
- As you noted, Treasury Board Secretariat is ensuring that the Province is prepared for the future by:
  - Balancing the budget;
  - Establishing the Centre for Evidence-Based Decision Making and using behavioural insights,
  - Modernizing information and information technology; and
  - Investing in infrastructure.

Balancing the budget

- The first step was balancing the budget.
- The government successfully delivered the first balanced budget since the global recession and we're on track to do so again next year and the year after.
- Our balanced budget has focused on managing growth in spending and delivering on the best possible value for every dollar spent.

- The province's program expense outlook is project to grow at an average annual rate of 2.9 per cent between 2015-16 and 2019-20.
- This increase reflects the investments the government can continue to make as a result of restoring a balanced budget, including:
  - Supporting hospitals, children and youth pharmacare, primary care, home care, and mental health services;
  - Supporting enrolment growth in schools, child care expansion and the Highly Skilled Workforce Strategy; and
  - Supporting electricity cost relief programs under the Fair Hydro Plan.
- The reserve included in the fiscal plan has been set at $0.6 billion in 2017-18 and 2018-19 and $0.9 billion in 2019-20, reflecting continued prudence while recognizing the confidence arising from a strengthening Ontario economy and a restoring of fiscal balance in Ontario.

- While Ontario's net debt-to-GDP ratio is projected to be unchanged for the year (37.5 per cent), its real GDP grew one per cent in the first quarter of 2017, outperforming that of Canada, the United States and all G7 countries.

Centre of Excellence for Evidence-Based Decision Making

- One way that TBS leads in ensuring the Province is prepared for the future is using evidence-based decision making.
- We need to make every dollar count. That's why we are working across government to manage resources responsibly and fund the priorities of Ontario families.
- To better address the needs and improve outcomes for Ontarians, TBS established the Centre of Excellence for Evidence-Based Decision Making. The Centre is supporting ministries in designing and delivering programs and services more efficiently and effectively.

- TBS will continue to expand the review of current programs to identify opportunities for modernization and to ensure that expense growth is managed within the fiscal plan.
- Using evidence-based approaches, harnessing innovative business practices and maximizing the use of digital solutions will all contribute to TBS' ongoing focus on improving outcomes.
- The Centre is helping the government build a better understanding of how its programs are performing by using evidence to inform choices and lead change in critical public services.
- It is also supporting the government's Program Review, Renewal and Transformation approach by helping it assess progress on strategic objectives, horizontal initiatives and value-for-money.

- Evidence-based decision making uses the best available analytics, research and information on program results to guide decisions at all stages of the policy and funding process.
- It identifies what works, highlights gaps where evidence of program effectiveness is lacking, enables policymakers to use evidence in budget and policy decisions, and relies on systems to monitor implementation and measure key outcomes, using the information to continually improve program performance.
- Taking this approach allows the province to improve outcomes and increase value-for-money by identifying and either redesigning, refocusing or eliminating ineffective programs, improving outcomes and ensuring better value-for-money for investments made in public programs.
- Behavioural Insights is another tool in TBS' toolkit to help find new ways of doing things, improving outcomes and delivering the best value for every dollar spent.

- The goal of behavioural insights is to encourage positive decisions without limiting the choices available to citizens.
- Applying a behavioural lens to policies and programs will create more efficient processes, improve outcomes and deliver better services for Ontarians.
- Using low cost evaluations as a primary means of methodology means that solutions which all look equally good on paper can be rigorously compared side-by-side in the field.
- Testing solutions in this way can help policy makers assess risks and performance before a new idea is scaled-up province-wide.

Modernizing I&IT

- The fourth step in ensuring the Province is prepared for the future is modernizing I&IT.
- TBS' information and information technology systems are the backbone of many public services.

- In today's digital age, people expect to be able to connect with their government anytime, anywhere, on any device.
- Using the Ontario Digital Government Action Plan as a public roadmap for digital transformation, TBS will set new organizational standards, identify key projects to drive change and shift government culture to deliver the best possible customer service.
- In the 2016 budget, TBS committed to enhancing the delivery of public services through the use of technology, to ensure greater availability and better value for money, and is undertaking a series of initiatives to modernize I&IT and achieve $100 million in annual savings by 2020.
- Initial steps are also underway to improve I&IT productivity and achieve planned 2017-18 savings.
- TBS' I&IT modernization efforts include two phases:

- The first phase focuses on improving IT productivity and cost efficiency to achieve $100 million in savings by 2020. It includes:
  - Better managing common contracts;
  - Improving the management of IT applications and infrastructure;
  - Sharing infrastructure services with the Broader Public Sector; and
  - Making the most of our internal resources, focusing on where they are best served.
- The second phase focuses on modernizing how IT supports government business and citizen-centered service delivery. It includes:
  - Improving the management and oversight of projects and supporting the Ontario Digital Government Action Plan;
  - Exploring more agile technology and development; and

        - Improving risk management and procurement.

- TBS is also continuing to reduce its reliance on fee-for-service resources, with plans underway to further convert external consultants.
    - These additional conversions are expected to reduce costs by an expected $4 million annually by 2018-19.
- Establishing an Enterprise Service Management organization that will implement service level agreements across the government's IT clusters and ministries also responds to the 2016 Auditor General's recommendations.
- TBS has made steady progress in improving IT operations and achieving $163 million in annual reductions, which includes the following:
    - As a result of a 2006 review, TBS pursued IT consolidations and efficiencies, resulting in more than $145 million in annual reductions since 2007-08.

  - In 2013, in response to the Ontario Budget, the Infrastructure Technology Services Rationalization initiative was implemented, resulting in an additional $18 million in annual savings achieved as of March 31, 2015.

- In the 2015 Budget, the government highlighted a review of I&IT, led by an independent third party.
- Based on the findings from the review, the OPS spends 10 per cent less than jurisdictional peers of similar size, complexity and workload for IT application development and support.
- TBS is now undertaking a series of initiatives to further lower IT costs and improve how technology supports the delivery of government programs and services as part of its commitment to continuous improvement.

Infrastructure Investments

- Finally, the fifth step in ensuring the Province is prepared for the future is investing in infrastructure.
- Ontario is committed to making significant infrastructure investments to create jobs, stimulate economic growth and improve the lives of Ontarians.
- We are making the largest investment in public infrastructure in Ontario's history – more than $190 billion over 13 years, starting in 2014-15 – for projects such as building child care spaces, schools, hospitals, transit, highways and roads.
- Many of these projects are supported by funds from the Trillium Trust, one of Ontario's two new designated purpose accounts which support progress reporting on the Province's investments towards high-priority commitments with a dedicated revenue stream.
- Planned investments will strengthen communities across the province and support 125,000 jobs, on average each year.

- Over the next ten years, Ontario plans to invest about $84 billion in the transportation sector, which includes $56 billion for public transit and $26 billion for highways.
- We plan to provide more than $20 billion in capital grants to hospitals over the next ten years. This includes a new commitment of approximately $9 billion to support the construction of new major hospital projects across the province.
- For child care and education infrastructure, Ontario is providing almost $16 billion in capital grants over ten years to help build new schools in areas of high growth, improve the condition of existing schools and invest in projects to reduce surplus space.
- We will provide an additional $1.2 billion in funding for repairs and renewal over the next two school years.
- Investing in school renewal is part of Ontario's Climate Change Action Plan to improve energy efficiency and install renewable energy technologies. These investments are supporting the

creation of 95 new schools and expansion and renovation of 54 existing ones.

- These investments are supported by funds from the Greenhouse Gas Reduction Account, which is also a designated purpose account.
- For post-secondary education infrastructure, we collaborated with the federal government, colleges, universities and Aboriginal Institutes to implement the Post-Secondary Institutions Strategic Investment Fund in Ontario – a shared investment of $1.9 billion that will enhance and modernize research facilities at post-secondary institutions across the province.
- We are continuing to make investments in justice facilities that support the long-term transformation of the justice system. For example:

- Work is underway to open the first phase of dedicated mental health units for female adult inmates at the site of the Roy McMurtry Youth Centre by 2018.
- The second phase of modernizing OPP facilities across the province is underway, with the construction of several new OPP detachments.
- Construction of a policing detachment is planned for the Weagamow Lake First Nation community, in a funding partnership with the government of Canada.

- Additionally, we are investing $100 million in the new Natural Gas Grant Program. The program will support the building of infrastructure to expand access to natural gas to areas that are underserviced.
- Furthermore, bilateral agreements with the provinces and territories will be negotiated over the coming months, with the goal of concluding negotiations by March 2018. We continue to advocate for favourable cost matching conditions for Ontario

and to identify potential projects/initiatives that could leverage federal funding.

- In 2017-18, Ontario plans to spend more than $20 billion, including third-party investments, in public infrastructure. This is part of the province's plan to invest more than $190 billion over 13 years, starting in 2014-15.

Conclusion

- In conclusion, TBS is preparing the Province for the future by:
  - Taking a fair and balanced approach to balancing the budget – one that protects and improves the services that matter to Ontarians;
  - Using evidence-based decision making to manage resources responsibly and fund the priorities of Ontarian families;

- Modernizing and improving the efficiency of I&IT as part of TBS' commitment to ensure more strategic and effective use of its information technology assets and resources; and
- Investing in priority projects to create jobs, stimulate economic growth and improve the lives of Ontarians.

RELEVANT HOUSE BOOK NOTES:

- Balanced budget
- Behavioural Insights
- Modernizing I&IT
- Centre for Excellence for Evidence-based Decision Making
- Infrastructure investments

TBS REPRESENTATIVE (for further details, if necessary):

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