RE: Ch 2 -- recommendation 7

From: "Hosick, Sarah (TBS)" <sarah.hosick@ontario.ca>
To: "Veinot, Cindy (TBS)" <cindy.veinot@ontario.ca>
Date: Tue, 14 Nov 2017 11:06:13 -0500

The comment didn't copy over below, can you send me the document itself that I can pull from?

From: Veinot, Cindy (TBS)
Sent: November 14, 2017 11:05 AM
To: Hosick, Sarah (TBS)
Subject: Ch 2 -- recommendation 7

Sarah – can you flip this back to OFA to respond to the one comment I raised below. Also, I rewrote the last paragraph – please ask them to review to determine if they have any concerns. I didn't make any other changes.

Thanks,

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The 2017 Budget and the 2017 Fall Economic Statement stated that the government continues to maintain a target of reducing the net debt-to-GDP ratio to its pre-recession level of 27%, currently projected for 2029-30, together with an interim target of 35% by 2023-24. From 2017-18 onwards, the balanced budget environment will limit increases in debt to the difference between annual investments in infrastructure improvements and the amortization of such investments.

The government's long-term infrastructure plan to invest over $190 billion over 13 years, starting in 2014-15, will address needed infrastructure improvements and contribute to the growth of the economy. The Centre for Spatial Economics found that for every $1 spent on public infrastructure, GDP increases by $6.

Therefore, while overall debt will rise to fund these infrastructure investments, measurements of relative debt such as the net debt-to-GDP ratio, a key measure under Public Sector Accounting Board (PSAB) standards [CV1] , will gradually diminish due to the Province's GDP increasing at a faster rate than net debt. This will allow the Government to continue to move towards its 27% net debt-to-GDP target. The ratio has already commenced declining, falling to 37.3% in 2017-18 from its 2014-15 peak of

39.3%.

As discussed more thoroughly in responses to other recommendations in this report, the government prepares its financial statements in accordance with Public Sector Accounting Standards, including the net pension assets for its jointly sponsored pension plans and the transactions resulting from the Ontario Fair Hydro Plan. .

To confirm what they are referring to – SORP 4?