Minister Sandals Speaking Points –
October 24, 2016, MM&P Meeting

I'm happy to have the opportunity to meet today to ensure that we are on the same page and have a shared understanding of where we are, where we need to go, and how we get there together.

- Our 2015-16 Public Accounts results should help build confidence in our resolve to meet our fiscal targets. The results show that Ontario's deficit is $3.5B lower than projected in the 2015 Budget. This marks the seventh year in a row that Ontario has beaten its deficit target.

- I would remind us though that the results show that the improved performance came on the revenue side, while expenses were slightly over what we budgeted at the beginning of the year.

- When we last met in September, the latest information indicated increased flexibility from revenue and interest on debt forecasts. There have been a number of further developments with an impact on the expense side of the fiscal plan, outweighing the fiscal flexibility.

- As you know, during the 2015-16 Public Accounts audit, the Auditor General and the professional accounting staff of the Province disagreed on the accounting treatment related to pension assets for the Ontario Public Service Employees Union Pension Plan (OPSEUPP) and the Ontario Teachers' Pension Plan (OTPP).

- The 2015-16 Public Accounts reported results based on a time-limited regulation to present the public accounts in a manner consistent with the Auditor General's interpretation, resulting in an increased deficit of $1.5 billion and an increase to net debt and accumulated deficit of $10.7 billion.

- We are in the process of forming the expert panel to review this accounting issue and expect the panel to report back by the end of the calendar year.

- Since September, Ministries have been issued constrained preliminary allocations that will hold program expense growth to an average of 2.4%.

- Ministries are responsible to manage within planning allocations. This will not be an easy task, but in order to invest in priorities, expense needs to be managed.

- At this time, space has not been identified within the fiscal plan to support costs for initiatives beyond those funded through the allocations. Ministries are invited to provide proposals for new identified initiatives that are expected to be chosen as they are an important priority of government and fiscally significant. Funds however, may not be available at likely desired levels.

- Through the planning process, revenue and expense levers will be needed to create room to fund – to the extent possible – prioritized initiatives.
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- We also need to be mindful, that our plans continue to be premised on successfully delivering within the constraint of tight bargaining mandates. While the numbers we are working with today assume 1.4 per cent wage outcomes, demands for more generous wage increases are likely to persist.

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- We will require a robust multi-year plan that can minimize the gap in order to meet our fiscal targets to balance and stay there, so that we can both invest AND meet our commitment to balance.

- We will need to carefully weigh the expenditure management and other tools at our disposal against the government's priorities, with a full understanding of the inherent trade-offs. We need to be doing this now, and we have to be realistic to look at all the available tools at our disposal.

- I believe that working in a very disciplined way with our colleagues we can get to where we need to be. But getting there will require tough decisions about what we don't do, a willingness to transform in some challenging ways, significant and difficult management of allocations, and looking at revenues amongst other tools at our disposal.