QUESTIONS & ANSWERS

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PENSION ASSET ACCOUNTING

AG Recommendation #1: Pension Asset Accounting

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Advisory Panel Compensation

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Pension Asset Accounting	Treasury Board Secretariat

IESO ACCOUNTING

AG Recommendation #2: IESO Market Accounts

For QAs related to:	See:
IESO Market Accounts	Treasury Board Secretariat Ministry of Energy

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For QAs related to:	See:
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For QAs related to:	See:
Audit of IESO statements	Treasury Board Secretariat Ministry of Energy

ONTARIO FAIR HYDRO PLAN

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For QAs related to:	See:
OFHP Overall	Ministry of Energy
OFHP Accounting	Treasury Board Secretariat

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For QAs related to:	See:
OPG Accounting/Trust	Ministry of Energy
Accounting for Trust	Treasury Board Secretariat

Records Disclosure/Process

- Messaging TBC

For QAs related to:	See:
Records Disclosure/Process	Treasury Board Secretariat Ministry of Energy

1. **Has the Ministry of Finance provided all records to the Auditor General of Ontario?**

   In response to a request for information, received on May 23, 2017, from the Auditor General's office regarding the Ontario Fair Hydro Plan, the Ontario Financing Authority (an agency under the Ministry of Finance) provided 3,252 e-mails in two batches: 1,190 e-mails on June 23, 2017 and 2,062 on July 18, 2017.

   In response to another request for information, received on August 10, 2017, from the Auditor General's office regarding the Ontario Fair Hydro Plan, the Ministry of Finance provided 4,114 e-mails in two batches: 2,956 e-mails on October 16, 2017 and 1,158 on October 25, 2017.

Re-Design of Hydro Bills

For QAs related to:	See:
Re-design of hydro bills	Ministry of Energy

PRE-ELECTION REPORT

AG Recommendation #10: Pre-Election Report on Ontario's Finances

- Messaging TBC – TBS

For QAs related to:	See:
Pre-Election Report	Treasury Board Secretariat (Joint lead with Ministry of Finance)

2. Will the government issue a regulation confirming the source of reference for the Pre-Election Report and the timeline for issuance of the report that will be subject to the Auditor General's review?

Under the *Fiscal Transparency and Accountability Act, 2004*, the government may file a regulation that would require it to release a Pre-Election Report on Ontario's Finances. Should the government file such a regulation, the Auditor General would be required to issue a statement based on a prompt review following the release of such a Pre-Election Report.

The government remains committed to meeting the legislative requirements of the Act, and working constructively with the Auditor General.

PROVINCE'S FISCAL SITUATION

Recommendation #7: Province's Debt Burden

- The Ministry of Finance has been working to execute the government's goal of eliminating the deficit and balancing the budget.
- The plan to balance the budget limits the increase in net debt to net investments in capital assets. These investments will contribute to the economy growing at a faster rate than net debt, allowing the government to reduce Ontario's net debt-to-GDP ratio to its pre-recession level of 27 per cent.
- There is a strong demand for Ontario bonds in both the domestic and international markets. Last fiscal year, Ontario was able to borrow $27 billion in long-term debt while our spread — or the margin that we have to pay over the equivalent Government of Canada bond — tightened, indicating an ongoing strong demand for Ontario bonds.
- We expect that the liquidity of Ontario benchmark bonds, and continuing confidence in the value of Ontario debt, will allow us to cost-effectively complete the 2017–18 borrowing program.

3. **What is the government doing to manage the province's debt burden?**

   The government's recently released third quarter update on 2017-18 continues to project a balanced budget for this year, delivering on a commitment first introduced in the 2010 Budget.

   The government's plan to manage the debt focuses on decreasing the net debt-to-GDP ratio, decreasing the interest on debt-to-revenue ratio, and utilizing term extensions.

   As the result of Ontario's strong economic growth, the net-debt-to-GDP ratio is declining.

   The government has set an interim net debt-to-GDP ratio target of 35 per cent by 2023–24, and continues to maintain a target of reducing the net debt-to-GDP ratio to its pre-recession level of 27 per cent, currently projected to be achieved by 2029–30.

4. **What is the status of the province's borrowing plan?**

   Through prudent and cost-effective debt management, we have consistently kept interest on debt costs below budget projections. Interest on debt to revenue is forecast to be 8.2 per cent in 2017-18, 8.3 per cent in 2018-19 and 8.4 per cent in 2019-20.

Term extension has allowed us to take advantage of and lock in low interest rates for a longer period, which reduces refinancing risks and helps offset the impact of expected higher interest rates on interest on debt costs.

As of January 31, 2018, $28.6 billion (or 111 per cent) of this year's long-term public borrowing of $25.8 billion has been completed.

Financial Accountability Office (FAO) Reports

5. **What is the government's response to the FAO's fall 2017 report, which states that the government will run a deficit in 2017-18 and the following years?**

   Ontario's deficit for 2016-17 was $991 million — $3.3 billion lower than projected in the 2016 Budget and $0.5 billion lower than the interim projection in the 2017 Budget, according to public accounts.

   The Ministry of Finance's third quarter update on 2017-18 continues to project a balanced budget for this year. The ministry is committed to a responsible fiscal plan and we build prudence into our forecasts.

   Since the time of the 2017 Budget, private sector forecasters have revised up their economic growth projections for Ontario over the 2017-20 period, reflecting the strength in the Ontario economy.

   Using the government's accounting presentation (i.e. excluding the AG's recommended treatment), the FAO is projecting a small surplus in 2017-18.

6. **Why are the FAO's revenue forecasts lower than the government's revenue forecasts?**

   The government is projecting total revenue to grow from $140.7 billion in 2016–17 to $158.2 billion in 2019–20. This represents an average annual growth rate of 4.0 per cent.

   Growth in revenues over the medium term is driven mainly by taxation revenue which is projected to increase by $15.6 billion between 2016–17 and 2019–20, or at an average annual rate of 5.2 per cent. The projected taxation revenue growth aligns with growth actually experienced in recent years, and projections for the Ontario economy.

Credit Ratings

- Ontario currently maintains a double-A rating with three of its four credit rating agencies.
- We continue to update the rating agencies on a regular basis on economic and fiscal developments.

7. **What are the credit rating agencies' views on Ontario?**

   All four credit rating agencies – Moody's, DBRS, Standard & Poor's and Fitch – have a stable outlook on Ontario's healthy long-term credit ratings.

   This reflects rating agencies' confidence in our government's fiscal plan.

8. **How have rating agencies responded to the qualified opinion on the public accounts and the recent report from the Auditor General?**

   The rating agencies make their own assessment of the Province's finances.

   However, there were no credit rating implications either this year or last when the government received a qualified audit opinion on its Public Accounts.

Preparation of Public Accounts

AG Recommendation # 4: External Advisors

For QAs related to:	See:
External Advisors	Treasury Board Secretariat

1. **Q re: Ministry of Finance use of external advisors**

   Answer….

AG Recommendation #8: Timeline of Finalization of Financial Statements

For QAs related to:	See:
Finalization of Financial Statements	Treasury Board Secretariat

1. **QAs on finalization of financial statements – tax revenues, etc.**

   Answer…

Audit Opinion

For QAs related to:	See:
Audit Opinions	Treasury Board Secretariat

OTHER

- MOE Key Message 1
- MOE Key Message 2
- MOE Key Message 3
- MOE Key Message 4
- MOE Key Message 5

1. **Qs that may come up that are not included in the categories above…**

   Answer…