News Release

Last Year's Ontario Deficit $3.5 Billion Lower Than Projected

Province Remains Committed to Balance the Budget Next Year in 2017-18

News

Ontario's Annual Report and unaudited Consolidated Financial Statements for 2015-16 show Ontario's deficit is $3.5 billion lower that the $8.5 billion projected in the 2015 Budget, with the province's deficit for 2015-16 at $5 billion. This is $0.7 billion lower than the $5.7 billion in 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, and remain balanced in 2018-19.

In preparing the Annual Report and unaudited Consolidated Financial Statements, the Province's professional accounting staff and the Auditor General have engaged in discussions regarding the treatment of pension assets. Pension accounting requires the application of professional judgment. Despite best efforts to resolve concerns, the Province's professional accounting staff and the Auditor General continue to have differences of opinion about the appropriate application of public sector accounting standards as they relate to pension accounting. This ongoing discussion has delayed the tabling of the Province's financial statements.

A regulation was made to allow the public service to sign-off on the impact of the Auditor General's view on accounting for pension assets in Ontario's 2015-16 financial statements. The Province has filed a time-limited regulation, which legislates the accounting for pension assets of two jointly-sponsored pension plans for 2015-16 in a manner that is consistent with the fiscal outcome proposed by the Auditor General.

To ensure openness and transparency, the government is releasing its unaudited financial statements to provide the public with the Province's financial position.

The unaudited statements show the government is beating its deficit targets through sound financial management. The Government of Ontario currently has the lowest program spending per capita among Canadian provinces and ranks the lowest among provinces in terms of public-sector employees per capita. At the same time, Ontario's economy continues to grow. Over the last two years, Ontario's economy has grown by

6.1 per cent. Last year, growth was double the national average. In the first quarter of this year, Ontario's growth was greater than that of the United States and the G7.

The Public Sector Accounting Board has set up a task force to review the current accounting standards for retirement benefits. The Province will ensure that the task force is made aware of this area of difference in interpretation. In addition Ontario will also be engaging an expert panel to support a full understanding of the basis and nature of the differences. The Province will consult individuals with a range of backgrounds and experience, including preparers, joint sponsors and auditors of public sector financial reports.

Responsible financial management is part of the government's economic plan to build Ontario up and deliver on its number-one priority to grow the economy and create jobs. The four-part plan includes helping more people get and create the jobs of the future by expanding access to high-quality college and university education. The plan is making the largest infrastructure investment in hospitals, schools, roads, bridges and transit in Ontario's history and is investing in a low-carbon economy driven by innovative, high-growth, export-oriented businesses. The plan is also helping working Ontarians achieve a more secure retirement.

QUOTES

"The Annual Report and unaudited Consolidated Financial Statements for 2015-16 show that our government's plan to achieve fiscal balance next year in 2017-18 is working. We will continue to build on our track record of responsible fiscal management, while investing in vital government services such as health care, education and infrastructure that are important to the people of Ontario."

- Liz Sandals, President of the Treasury Board

"Our government is dedicated to a fiscally sound approach to managing the Province's finances. The Ontario economy continues to grow in a challenging global environment. In fact, Ontario posted higher real GDP growth in the first quarter of 2016 than Canada, the United States, and all other G7 countries. The government's path to a balanced budget next year is being achieved through responsible fiscal management, which involves managing growth in program spending, and maintaining the integrity of Provincial revenues."

- Charles Sousa, Minister of Finance

QUICK FACTS

- The 2015-16 unaudited Financial Statements compare Ontario's actual performance to what was planned in the 2015 Budget.

- Ontario is a recognized leader in financial reporting. The C.D. Howe Institute, an independent research organization that assesses the fiscal planning and reporting of governments in Canada, has commented positively on the financial reporting practices of Ontario, including Public Accounts, the annual Budget and Estimates.

- The unaudited Financial Statements are prepared by the Government of Ontario in accordance with legislation and the accounting principles for governments recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA Canada).

LEARN MORE

- Read the Province's 2015-16 unaudited Financial Statements and explore supplementary information available through new data visualization tools
- Explore the more than 400 open data sets in the Open Data Catalogue
- Learn about the government's fiscal cycle
- Learn about how the government is investing in vital programs and services

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