Office of the Auditor General of Ontario

The Public Accounts of the Province of Ontario

November 2022

The Public Accounts of the Province of Ontario

1.0 Summary

Based on our audit work, we have concluded that the Province's consolidated financial statements for 2021/22 are fairly presented and free of material errors. Again, this year, the audit opinion on the Province's consolidated financial statements is unqualified.

Items of note from our audit of the Province's consolidated financial statements and other financial statement work conducted this past year are as follows:

- The Province reported a surplus of $2.1 billion for the 2021/22 fiscal year. It initially anticipated a deficit of $33.1 billion in its *2021 Ontario Budget* and subsequently revised that estimate to a lower deficit of $13.5 billion as part of the interim numbers in its *2022 Ontario Budget*. The surplus arose from $26.9 billion higher-than-expected tax revenues (mostly driven by significant increases in personal income taxes, sales taxes and corporate taxes); $3.2 billion higher-than-expected transfers received from the Government of Canada; $1.9 billion higher-than-expected income from government business enterprises; and $3.1 billion lower-than-expected expenditures (including lower interest on debt of $0.5 billion).
- We are required to report on certain government reporting deadlines under the *Fiscal Sustainability, Transparency and Accountability Act, 2019* (Act). The government has met all reporting deadlines as of November 2022. The Province is required under the Act to include in its debt burden reduction strategy specific objectives regarding the projected provincial net-debt-to-gross-domestic-product ratio as well as a progress report on actions supporting the implementation of the strategy from the prior year's budget. The Province has not met the second requirement. In addition, the Province did not include a description of the key issues that should be addressed in the next budget in the Fall Economic Statement as required by the Act.
- We reviewed the Ministry of Finance's new Corporations Income Tax estimation methodology. We found that the estimates the Ministry used for the year ended March 31, 2022 were reasonable. However, in arriving at this conclusion, we encountered difficulties in performing our work due to not having the access needed this year to certain tax information. Currently, neither the federal *Income Tax Act* nor the Province's Tax Collection Agreement with the Government of Canada grants our Office access to Ontario-related tax data. A one-year remedy was agreed upon by the provincial Ministry of Finance, the federal Department of Finance, the Canada Revenue Agency, the Office of the Auditor General of Canada and our Office to enable us to complete our work. It is crucial that our Office have access next year to the information needed to perform our audit for the year ending March 31, 2023.
- Our Office conducted an audit of iGaming Ontario's first set of financial statements, where we issued an unqualified opinion but included

an “Other Matter” paragraph to highlight that iGaming Ontario has assumed the legal risk of whether its operating model meets the “conduct and manage” requirements in the Criminal Code of Canada. Subsequent to its March 31, 2022 fiscal year, iGaming Ontario launched the new regulated market for Internet gaming in Ontario. iGaming Ontario has entered into operating agreements with operators working as agents on behalf of iGaming Ontario and the Province. In this report, as a follow-up to our 2021 report titled Internet Gaming in Ontario, we have provided an update on the developments in Internet gaming in Ontario.

- Under the *Credit Unions and Caisses Populaires Act, 2020* (Act), the Financial Services Regulatory Authority of Ontario (FSRA) is responsible for the administration, operation and prudent management of the Deposit Insurance Reserve Fund (DIRF), which provides deposit protection coverage to eligible credit union depositors as well as financial support to credit unions. The DIRF is funded by deposit insurance premiums charged to credit unions and caisses populaires by FSRA. Under the Act, an amendment was made in 2018 indicating that FSRA is liable to insure eligible deposits held in Ontario credit unions only up to the asset balance in the DIRF at any given time. Prior to the amendment in 2018, no such limitation existed in legislation. In July 2022, we reviewed the FSRA-approved deposit insurance brochure that Ontario credit unions are required to display prominently in their premises pursuant to *FSRA Rule 2019-002, Deposit Insurance Advertising*. We noted that Ontario credit unions used the brochure to advertise that depositors are insured up to $250,000 of eligible non-registered deposits plus all insurable deposits in registered accounts with each credit union—a potential competitive advantage among deposit-taking financial institutions operating in Ontario. However, the brochure did not make any mention that FSRA’s system-wide deposit liability is limited to the amount of assets in the DIRF. FSRA subsequently updated the approved advertising brochure publicly issued in September 2022 to state “the liability of FSRA to insure deposits held at Ontario credit unions is limited to the assets of the Deposit Insurance Reserve Fund.”
- In response to the COVID-19 pandemic, the Province established a procurement process for personal protective equipment (PPE). During 2021/22, purchasing activities for PPE increased significantly when compared to prior years to ensure adequate health-care supplies would be on hand for the broader public sector (i.e., hospitals, long-term-care homes, school boards, colleges and universities) as well as other distribution channels within the province as needed. As part of our audit of the Province’s consolidated financial statements, we identified accounting risks related to the manual tracking and completeness of these supplies. As well, as at March 31, 2022, the Province was holding a significant inventory of PPE at an inventory cost of $1.5 billion, with no rotational use plans with hospitals and other entities in place to reduce the potential of expired PPE being written off if not used.
- Effective April 1, 2021, the Ministry of Health transferred responsibilities (i.e., health system funding, planning and community functions) of the Local Health Integration Networks to Ontario Health. During our audit of Ontario Health’s financial statements and the Province’s consolidated financial statements, we observed that certain funding for programs was directly disbursed to the health-service providers from the Ministry of Health without prior authorization by Ontario Health. We also noted that although Ontario Health authorized the initial funding allocations for long-term-care homes, subsequent changes were made to the allocations by the Ministry of Long-Term Care without prior authorization by Ontario Health. Further, we noted that the authorization of significant funding from the Ministry of Health intended

for Ontario Health's use in 2021/22 was not evidenced by a signed funding agreement until after the year-end.

- The *Fiscal Sustainability, Transparency and Accountability Act, 2019* (Act) requires our Office to review the estimates, forecasts and assumptions in the Province's Multi-Year Fiscal Plan within a budget prior to an election for reasonableness. We released a statement on May 2, 2022 describing the results of our work over the reasonableness of the Multi-Year Fiscal Plan within the *2022 Ontario Budget*. We concluded that the Multi-Year Fiscal Plans for the three-year period from 2022/23 to 2024/25 were reasonable presentations of Ontario's finances, with the exception of an understatement of provincial revenues from corporate taxes for each of the three years. As well, contingency funds recorded in Other Program Expenses for the three-year period appeared to be overly cautious. Our work was carried out under confidential information-sharing agreements between the Ministry of Finance and our Office, enabling us to plan, conduct and complete our work in order to table the results of our review before the Writs of Election was issued on May 4, 2022. Without the new approach we would have had insufficient time to perform our work and issue our report prior to the start of the election period. Because the budget was tabled on April 28, 2022, Members of the Legislature were not given time to debate the budget in the Legislature prior to the start of the election period.
- The Province's growing debt burden also remains a concern this year, as it has been since we first raised the issue in 2011. This year, as in the past, we focus on the critical implications of the growing debt for the Province's finances. Holding a high level of debt with rising interest rates increases the risk that future funding available for programs could be negatively impacted. We maintain the view that the government should provide legislators and the public with long-term targets for addressing Ontario's current and projected debt levels.
- Receivables of $657 million ($140 million in 2020/21) due to the Crown from individuals and non-government organizations were written off during the year. The write-offs related to $210.3 million for the Ontario Small Business Support Grant ($nil in 2020/21); $191.1 million for the Victim Fine Surcharge ($nil in 2020/21); $65.2 million for bankrupt/insolvent entities with unpaid tax amounts ($65.4 million in 2020/21); and $190.1 million for the remaining write-offs ($74.6 million in 2020/21). Most of the write-offs had already been expensed in the government's consolidated financial statements. However, the actual write-offs in the accounts required Order-in-Council approval.

This chapter contains 8 recommendations, consisting of 12 actions, to address our observations.

2.0 Background

Ontario's Public Accounts are key financial documents issued annually by the government. For the fiscal year ending March 31, 2022, the Public Accounts were prepared under the direction of the Minister of Finance, as required by the *Financial Administration Act*, and the President of the Treasury Board. The Public Accounts consist of the Province's Annual Report, including the Province's consolidated financial statements and financial statement discussion and analysis; the Auditor General's Independent Auditor's Report on those consolidated financial statements; and two supplementary volumes of additional financial information.

The government is ultimately responsible for preparing the consolidated financial statements for the Province of Ontario and ensuring that this information, including many amounts based on estimates and judgment, is presented fairly. The Deputy Minister of Finance and the Comptroller General, with support from the Office of the Provincial Controller Division, are responsible for ensuring that an effective system of internal controls, with supporting procedures, is in place to authorize transactions, safeguard assets and maintain proper records.

Our Office, under the *Auditor General Act*, is responsible for conducting the annual audit of the consolidated financial statements. The objective of our audit is to obtain reasonable assurance that the statements are free of material misstatements—that is, free of significant errors or omissions. The Auditor General's Independent Auditor's Report is included in the Province's Annual Report.

The Province's 2021/22 Annual Report also contains a Financial Statement Discussion and Analysis section that provides additional information regarding the Province's financial condition and fiscal results for the year ended March 31, 2022. Providing such information is intended to enhance the fiscal accountability of the government to both the Legislative Assembly and the public.

The two supplementary volumes of the Public Accounts consist of the following:

- **Ministry Statements and Schedules—** unaudited statements from all ministries and a number of schedules providing details of the Province's revenue and expenses, its debts and other liabilities, its loans and investments, and other financial information; and
- **Detailed Schedule of Payments—**detailed unaudited schedules of ministry payments to vendors and transfer-payment recipients.

The Province also provides links on a website (**https://www.ontario.ca/page/financial-statements-government-organizations-and-business-enterprises-2021-22**) to the websites for individual financial statements of government organizations, trusts under administration, government business enterprises and other government organizations.

Our Office reviews the information in the Province's Annual Report, and in the Ministry Statements and Schedules of the Public Accounts, for consistency with the information presented in the Province's consolidated financial statements.

The *Financial Administration Act* requires that, except in extraordinary circumstances, the government deliver its Annual Report to the Lieutenant Governor in Council within 180 days of the end of the fiscal year. The two supplementary volumes must be submitted to the Lieutenant Governor in Council within 240 days of the end of the fiscal year. Upon receiving these documents, the Lieutenant Governor in Council must lay them before the Legislative Assembly or, if the Assembly is not in session, make the information public and then lay it before the Assembly within 10 days of the time it resumes sitting.

The deadline for this year was September 27, 2022. The government released the Province's 2021/22 Annual Report and consolidated financial statements, along with the Auditor General's Independent Auditor's Report and the two Public Accounts supplementary volumes, on September 23, 2022, meeting the legislated deadline.

The Auditor General's audit opinion, contained in her Independent Auditor's Report, on the Province's consolidated financial statements was unqualified for the fifth consecutive year. An unqualified opinion means that the consolidated financial statements are free of material errors. An unqualified opinion in the public sector should be considered just as seriously as a qualified audit opinion. **Section 3.0** discusses the unqualified audit opinion on the Province's consolidated financial statements.

3.0 The Province's 2021/22 Consolidated Financial Statements

3.1 Auditor's Responsibilities

As the Legislature's independent auditor of the Province's consolidated financial statements, the Auditor General aims to express an opinion on whether the consolidated financial statements are free of material misstatements and are prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) so that they give a true and fair view of the financial position and operating results of the Province. It is this independence, combined with the professional obligation to comply with established Canadian Auditing Standards (CAS) and related ethical requirements, that allows the Auditor General to issue an opinion that provides users with confidence in the Province's consolidated financial statements.

To enable the Auditor General to form her opinion, our Office collects sufficient appropriate audit evidence and evaluates it to determine whether the financial statements are free of material misstatements. This includes assessing the government's preferred accounting treatment over certain transactions and investigating the appropriateness of those treatments under Canadian PSAS.

An assessment of what is material (significant) and immaterial (insignificant) is based primarily on our professional judgment. In making this assessment, we seek to answer the following question: "Is this error, misstatement or omission significant enough that it could affect decisions made by users of the Province's consolidated financial statements?" If the answer is yes, then we consider the error, misstatement or omission to be material.

To help us make this assessment, we determine a materiality threshold. This year, as in past years, and consistent with most other provincial legislated auditors, we set our threshold at 0.5% of the greater of government expenses or revenue for the year.

Our audit is conducted on the premise that management has acknowledged certain responsibilities that are essential to the conduct of the audit in accordance with CAS. These responsibilities are discussed below.

3.2 Management's Responsibilities

The auditor's report distinguishes between the responsibilities of management, those charged with governance, and the auditor with respect to a financial statement audit. Management is responsible for the preparation of the financial statements in accordance with Canadian PSAS. The auditor examines the financial statements in order to express an opinion as to whether the financial statements have been prepared in accordance with Canadian PSAS. The division of responsibility between management and the auditor is fundamental and preserves the auditor's independence, a cornerstone of the auditor's report.

In addition to preparing the financial statements and having the relevant internal controls, management is also required to provide the auditor with all information relevant to the preparation of the financial statements, additional information that the auditor may request, and unrestricted access to individuals within the entity who the auditor determines are necessary to communicate with to obtain audit evidence. The CAS are clear on these requirements, and the fulfilment of these is formally communicated to the auditor in the form of a signed management representation letter at the end of the audit.

When a transaction occurs, it is management's responsibility to identify the applicable accounting standards, determine the implications of the standards for the transaction, decide on an accounting policy and ensure that the financial statements present the transaction in accordance with the applicable financial reporting framework (for example, Canadian PSAS for governments). The auditor must also be proficient in the applicable financial reporting framework in order to form an independent opinion on the financial statements, and may perform similar procedures in identifying the applicable standards and understanding the implications of the standards on the accounting transaction. However, unlike management, the auditor does not select an accounting policy or the bookkeeping entries for the organization. These decisions are in the hands of management—in Ontario's case, the Treasury Board Secretariat and the Ministry of Finance, both with support from the Comptroller General and the Provincial Controller.

When there are disagreements between an auditor and management on the application or adequacy of accounting policies, the auditor must assess the materiality or significance of the issue to the overall financial statements in forming the audit opinion. If the issue is material, it would result in a qualified opinion in which the auditor concludes that the financial statements are fairly presented except for the items described in the basis for the qualification. Again, this distinguishes the role of management from that of the auditor such that management prepares the financial statements, whereas the auditor independently examines the financial statements to express an opinion about them.

The Office of the Auditor General of Ontario may make suggestions about the consolidated financial statements, but this does not alter management's responsibility for the financial statements. Similarly, the government may seek external advice on accounting treatments of certain transactions. In these situations, the government still has the ultimate responsibility for the decisions made, and the use of external advisors does not diminish, change or substitute the government's accountability as the preparer of the Province's consolidated financial statements.

3.3 Responsibilities of Those Charged with Governance

The auditor's report also distinguishes the roles and responsibilities of those charged with governance from those of management. Those charged with governance have ultimate financial oversight. In a company, this is usually the board of directors. In the province, this is the Treasury Board.

The Treasury Board ensures that management has established and maintains internal controls over the financial reporting process, oversees management's processes for identifying and mitigating risks, and reinforces management's efforts to create a culture of ethical behaviour in the ministries and provincial organizations.

3.4 The Independent Auditor's Report

The Independent Auditor's Report, which is issued at the conclusion of an audit engagement, comprises:

- an opinion paragraph containing an expression of opinion on the consolidated financial statements and a reference to the applicable financial reporting framework (e.g., Canadian Public Sector Accounting Standards) used to prepare the financial statements;
- a basis for the opinion paragraph that explains that the audit was conducted in accordance with Canadian generally accepted auditing standards;
- a section titled "Other Accompanying Information" that explains the responsibility of management and those charged with governance for including other information (the Province prepares other information such as the financial statement discussion and analysis) and the auditor's responsibilities for reading the other information. This section includes the auditor's conclusion about whether the other information is materially consistent with the financial statements or the knowledge obtained in the audit;
- a description of the responsibility of management and those charged with governance for the proper preparation and oversight of the financial statements in accordance with the applicable financial reporting framework;
- a description of the auditor's responsibility to express an opinion on the consolidated financial statements, a conclusion on the appropriateness of management's use of the "going concern" basis of accounting, and the scope of the audit; and
- additional paragraphs describing the group audit engagement (an audit with more than one component) and communication with those charged with governance, and an explicit statement that the auditor is independent of the Province and has fulfilled the auditor's other relevant ethical responsibilities.

The Independent Auditor's Report may also include:

- an "Emphasis of Matter" paragraph that refers to a matter appropriately presented or disclosed in the financial statements that, in the auditor's judgment, is of such importance that it is fundamental to users' understanding of the financial statements; and
- an "Other Matter" paragraph that refers to a matter other than those presented or disclosed in the financial statements that, in the auditor's judgment, is relevant to users' understanding

of the audit, the auditor's responsibilities or the auditor's report.

3.5 The Significance of an Unqualified Audit Opinion

The Independent Auditor's Report is the way the auditor communicates their opinion to the users of the financial statements as to whether the financial statements of an entity are presented fairly. After the audit of the financial statements is completed, the auditor can sign one of four possible opinions:

- **Unqualified, or clean, opinion:** The financial statements present fairly, in all material respects, the financial position and results of the entity.
- **Qualified opinion:** The statements contain one or more material misstatements or omissions.
- **Adverse opinion:** The statements do not fairly present the financial position, results of operations and changes in financial position, as per generally accepted accounting principles.
- **No opinion or disclaimer of opinion:** It is not possible to give an opinion on the statements because, for example, key records of the entity were destroyed and thus unavailable for examination.

An unqualified audit opinion indicates the financial statements are reliable. The importance of an unqualified opinion should not be understated. When an auditor issues a qualified opinion, they are expressing concern about the entity's compliance with the accounting standards issued by the standard setter (e.g., the Public Sector Accounting Board), or about the auditor's ability to obtain sufficient and appropriate information on the financial statements. An audit qualification is generally a rare occurrence.

For the fifth year in a row, the Auditor General has issued an unqualified opinion on the Province's consolidated financial statements. The consolidated financial statements can be relied on to fairly and accurately present the Province's fiscal results for the year ended March 31, 2022, in all material respects.

3.6 Key Audit Matters

Key audit matters are items that, based on the auditor's professional judgment, are the most significant in the audit of financial statements and will be required by CPA Canada as inclusions in auditors' reports of publicly listed entities for financial years ending on or after December 15, 2022.

Presently, our Office annually publicly reports to the Legislature key audit matters in our Annual Report on the Public Accounts. Our reporting has aligned with our responsibilities under the *Auditor General Act* and the *Fiscal Sustainability, Transparency and Accountability Act, 2019* as applicable. We have consistently reported any significant audit matter that may arise during the year to management and to those charged with governance as part of our normal audit process. We will continue these practices going forward.

During the upcoming year, we will assess whether key audit matters (in abbreviated form) will also be included in the Auditor General's Independent Auditor's Report on the Province's consolidated financial statements for the fiscal year ending March 31, 2023.

Key audit matters include:

- areas identified as significant risks or involving significant management or auditor judgment;
- areas in which the auditor encountered significant difficulty, for instance, in obtaining sufficient and appropriate audit evidence;
- circumstances that required a modification to the auditor's planned audit approach, including as a result of a significant deficiency in internal controls; and
- areas required for annual reporting under the *Auditor General Act* and the *Fiscal Sustainability, Transparency and Accountability Act, 2019* as areas related to the Public Accounts.

Other topics that can also be discussed as part of key audit matters include major tax revenue categories, such as personal or corporate taxes; pensions and post-retirement obligations; liabilities for contaminated sites; significant transfer payment expenses; significant consolidations of other government organizations and government business enterprises; and significant adjusting entries.

Independent Auditor's Report

Office of the Auditor General of Ontario
Bureau de la vérificatrice générale de l'Ontario

INDEPENDENT AUDITOR'S REPORT

To the Members of the Legislative Assembly of the Province of Ontario

Opinion

I have audited the accompanying Consolidated Financial Statements of the Province of Ontario, which comprise the Consolidated Statement of Financial Position as at March 31, 2022, and the Consolidated Statements of Operations, Change in Net Debt, Change in Accumulated Deficit, and Cash Flow for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies.

In my opinion, the accompanying Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of the Province of Ontario as at March 31, 2022, and the consolidated results of its operations, the consolidated changes in its net debt, the consolidated change in its accumulated deficit and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of this report. I am independent of the Province of Ontario in accordance with the ethical requirements that are relevant to my audit of the Consolidated Financial Statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Accompanying Information

The Government of Ontario (Government) is responsible for the information in the 2021–22 Public Accounts of Ontario Annual Report.

My opinion on the Consolidated Financial Statements does not cover the other information accompanying the Consolidated Financial Statements and I do not express any form of assurance conclusion thereon.

In connection with my audit of the Consolidated Financial Statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or my knowledge obtained during the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed on this other information, I conclude that there is a material misstatement of this other information, I am required to report that fact in this auditor's report. I have nothing to report in this regard.

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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these Consolidated Financial Statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, management is responsible for assessing the Province of Ontario’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Government either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Province of Ontario’s financial reporting process.

Auditor’s Responsibility for the Audit of the Consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Province of Ontario’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Province of Ontario's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Province of Ontario to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

The audit of the Consolidated Financial Statements is a group audit engagement. As such, I also obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the Consolidated Financial Statements. I am responsible for the direction, supervision and performance of the group audit and I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during the audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Toronto, Ontario
September 12, 2022

Bonnie Lysyk, MBA, FCPA, FCA, LPA
Auditor General

3.7 The 2021/22 Audit Opinion

The *Auditor General Act* requires that we report annually on the results of our examination of the Province's consolidated financial statements. The Independent Auditor's Report to the Legislative Assembly on the Province's consolidated financial statements for the year ended March 31, 2022 is reproduced as follows.

3.8 Provincial Surplus

The 2021/22 Public Accounts were released to the public on September 23, 2022. The Province reported a surplus of $2.1 billion for the 2021/22 fiscal year. The Province had forecast a deficit of $33.1 billion in its *2021 Ontario Budget* and subsequently updated that forecast to a deficit of $13.5 billion as part of its figures for the fiscal year ended March 31, 2022 that were included in its *2022 Ontario Budget*. In the *2021 Ontario Budget*, the Province had been forecasting a surplus for the 2029/30 fiscal year, at the earliest. It then forecast that a surplus was possible for the 2027/28 fiscal year as shown in the *2022 Ontario Budget*.

The surplus at March 31, 2022 resulted from $26.9 billion higher-than-expected tax revenues (mostly driven by significant increases in personal income taxes, sales taxes and corporate taxes); $3.2 billion in higher-than-expected transfers from the Government of Canada; $1.9 billion in higher-than-expected income from government business enterprises; and $3.1 billion in lower-than-expected expenditures (including lower interest on debt of $0.5 billion).

The Province is not expecting the surplus shown in the 2021/22 consolidated financial statements to continue into the near term. In the first-quarter finances for the March 31, 2023 consolidated financial statements, released in August 2022, the Province is projecting a deficit of $18.8 billion (compared to a projected deficit of $19.9 billion in the *2022 Ontario Budget*).

The surplus seen in Ontario in 2021/22 was similar to the surpluses (or reduced deficits) seen in other Canadian jurisdictions that year. **Figure 1** shows the budgeted and actual surplus/deficits disclosed by Ontario and other Canadian jurisdictions as of November 18, 2022.

3.9 Financial Statements of Government Entities

Prior to 2018/19, the financial statements of government organizations and business enterprises (formerly referred to as Volume 2) were one of three supplementary reports that the government printed and made

Figure 1: 2021/22 Budgeted to Actual Surplus and Deficits for Canadian Jurisdictions

Source of data: Public Accounts of Canadian jurisdictions

Jurisdiction	2021/22 Budgeted Surplus (Deficit) ($ million)	2021/22 Actual Surplus (Deficit) ($ million)	Difference ($ million)	Difference as a Percentage of Budget (%)
AB	(18,221)	3,944	22,165	122
BC	(9,698)	1,306	11,004	113
MB	(1,597)	(704)	893	56
NB	(244)	777	1,021	418
NL	(825)	(272)	553	67
NS	(585)	351	936	160
ON	(33,108)	2,051	35,159	106
PE	(112)	84	196	175
SK	(2,611)	(1,468)	1,143	44
Federal	(154,712)	(90,212)	64,500	42

Note: The 2021/22 financial information for Quebec was not available as at November 18, 2022.

available at the same time as the release of the Province's consolidated financial statements. It included the audited financial statements of provincial corporations, boards and commissions whose activities are included in the Province's consolidated financial statements, as well as other miscellaneous audited financial statements, but did not include the financial statements of the consolidated entities from the broader public sector (i.e., hospitals, school boards and colleges).

Starting in 2018/19, the government ceased issuing the former Volume 2 supplementary report in the same format as the rest of the Public Accounts. The government has created a website (**https://www.ontario.ca/page/financial-statements-government-organizations-and-business-enterprises-2021-22**) with links to web pages showing the financial statements of consolidated government organizations and agencies, trusts under administration, and consolidated broader-public-sector entities in Schedule 8 of the Province's consolidated financial statements.

The 2021/22 Public Accounts were released on September 23, 2022 along with links to these supplementary reports. As of September 29, 2022, we noted that 97% of the other organizations' and 99% of the consolidated broader-public-sector organizations' audited financial statements were available electronically.

4.0 The *Fiscal Sustainability, Transparency and Accountability Act, 2019*

We are required to annually report on the Premier's and the Minister of Finance's compliance with the *Fiscal Sustainability Transparency and Accountability Act, 2019* (Act). The Auditor General has determined that the communication of the Minister's compliance with the Act will be through this report.

Under this Act, the government is required to:

- develop a debt burden reduction strategy, including setting out net debt-to-gross-domestic-product (GDP) objectives and plans for reducing the debt burden;
- incorporate sustainability into the Province's fiscal policies;
- release the annual budget by March 31 each year, except for years in which a general election takes place, to allow a new government additional time to develop its first Multi-Year Fiscal Plan (the Legislature passed an amendment to the Act put forward by the government to allow for the 2022 budget to be released by April 30, 2022 instead of March 31, 2022. The budget was issued on April 28, 2022);
- provide a rationale for running deficits in the introductory section of the annual budget;
- impose monetary penalties on the Premier and the Minister of Finance for missing reporting deadlines as required in the Act; and
- post a public statement to explain the rationale for any missed public reporting deadlines, and the revised deadline by which the affected report will be released.

Figure 2 shows the reports that are subject to the financial penalty and public statement requirements.

Figure 3 shows that as of November 2022 the Premier and the Minister complied with all requirements of the Act.

The Act includes requirements that the budget must include certain components, such as a debt burden reduction strategy and a recovery plan. We provide additional commentary on the debt burden reduction strategy in **Section 13** of this report. The debt burden reduction strategy as per the Act must include specific objectives regarding the projected net-debt-to-GDP ratio. As well, it must include a progress report on actions supporting the implementation of the debt burden reduction strategy included in the latest budget. The Province has not met the second requirement. In other words, the Province has not formally documented a long-term debt strategy, explained how it determined the net-debt-to-GDP target, or clearly demonstrated how debt will be managed.

The Act also requires that the Fall Economic Statement include a description of the key issues that should

Figure 2: Reports Subject to Financial Penalty and Public Statement Deadlines for the Premier and Minister of Finance

Source of data: *Fiscal Sustainability, Transparency and Accountability Act, 2019*

Report	Deadline Subject to Guarantee
Budget	Mar 31 (for 2022 Budget: Apr 30)
First Quarter Finances	Aug 15
Mid-Year Review (Fall Economic Statement)	Nov 15
Third Quarter Finances	Feb 15
Long-Term Report	Two years following a general election
Quarterly Ontario Economic Accounts	Within 45 days after each of Statistics Canada's Quarterly National Income and Expenditure Accounts

Figure 3: Compliance with Financial Penalty and Public Statement Deadlines between December 2021 and November 2022

Prepared by the Office of the Auditor General of Ontario

Report	Deadline	Date Available	Requirement Met
2021/22 Third Quarter Finances	Feb 15, 2022	Feb 14, 2022	Yes
2022 Budget	Apr 30, 2022	Apr 28, 2022	Yes
2022/23 First Quarter Finances	Aug 15, 2022	Aug 9, 2022	Yes
2022/23 Mid-Year Review (Fall Economic Statement)	Nov 15, 2022	Nov 14, 2022	Yes
Long-Term Report	Jun 7, 2020 (to be issued two years following a general election)	Jun 4, 2020	Yes
Quarterly Ontario Economic Accounts	Within 45 days after each of Statistics Canada's Quarterly National Income and Expenditure Accounts		
Q3 2021	Jan 14, 2022 (Statistics Canada release date – Nov 30, 2021)	Jan 14, 2022	Yes
Q4 2021	Apr 15, 2022 (Statistics Canada release date – Mar 1, 2022)	Apr 15, 2022	Yes
Q1 2022	Jul 14, 2022 (Statistics Canada release date – May 31, 2022)	Jul 14, 2022	Yes
Q2 2022	Oct 14, 2022 (Statistics Canada release date – Aug 31, 2022)	Oct 14, 2022	Yes

be addressed in the next budget. In the Fall Economic Statement released on November 14, 2022, there is commentary about the government holding consultations to include the issues that Ontarians want to see in the 2023 Ontario Budget; however, this description does not meet the requirement of paragraph (9) 4 i of the Act to include a description of the key issues that should be addressed in the 2023 Ontario Budget.

Appendix 1 shows the requirements of the Act and whether they have been met by the issuances in 2022.

5.0 Corporations Income Tax Revenues

Corporations Income Tax (CIT) represents the Province's third-largest single source of revenue for the year ended March 31, 2022. For the 2021/22 fiscal year, the Province reported CIT revenue of $25.2 billion—an increase of $7.4 billion (or about 42%) compared to the prior year. However, it is important to note that reported CIT revenue is based on an estimate and subject to material measurement uncertainty.

In the past, the Ministry of Finance estimated CIT by using a combination of an econometric model that relies on the historical relationship between aggregate taxable income and corporate operating profits, and an extrapolation of the latest corporate tax assessments available from the federal Department of Finance. Due to the discontinuation of certain economic data from Statistics Canada, for the 2021/22 fiscal year, the Ministry of Finance discontinued the use of its econometric model and began basing its estimate of CIT primarily on corporate taxes assessed as reported by the federal Department of Finance as of June 30, 2022 for the 2021 taxation year.

During our audit, we back-tested the Ministry of Finance's new CIT estimation methodology to assess and confirm that the methodology, if historically applied, would have accurately estimated CIT in previous fiscal years. We also engaged an expert in the field of econometrics to assist us in assessing the appropriateness of significant economic assumptions, and compared the Ministry's new estimation methodology to its previous econometric model.

Overall, we found that the Ministry of Finance's CIT estimate for the year ended March 31, 2022 was reasonable. However, in arriving at this conclusion, we encountered challenges in performing our audit work due to federal government limitations on our access to tax information produced and reported by the federal Department of Finance for use by the Ontario Ministry of Finance.

Currently, neither the federal *Income Tax Act* nor the Province's Tax Collection Agreement with the Government of Canada explicitly provides our Office with direct access to the underlying corporate tax source data used by the federal Department of Finance to prepare summarized corporate tax reports for the Province. In order to obtain assurance over the completeness and accuracy of these summarized tax reports, we engaged the Office of the Auditor General of Canada to perform work on our behalf under Canadian generally accepted auditing standards. It is crucial for our Office to have direct access to this information when we conduct our audit of the Province's consolidated financial statements for the year ending March 31, 2023, especially in the event that the Office of the Auditor General of Canada is unable to perform this work on our behalf in the future. Without the ability to audit the reasonableness of corporate tax estimates, our Office may be faced with having to include a scope limitation in the opinion in the Auditor General's Independent Auditor's Report.

RECOMMENDATION 1

For our audit of the Province's March 31, 2023 consolidated financial statements, to ensure the Office of the Auditor General of Ontario (Office) does not have a scope limitation on our work on corporate taxes, we recommend that the Ministry of Finance work with the federal Department of Finance to provide our Office with direct access to all Ontario-related personal and corporate tax data sets/information by making the necessary amendments to the Ontario–Canada Tax Collection Agreement and/or by introducing legislative amendments to the federal *Income Tax Act*.

MINISTRY OF FINANCE RESPONSE

The Ontario Ministry of Finance supports the Office of the Auditor General of Ontario's request to access information that is sufficient to avoid any scope limitation in the Auditor General's audit of Ontario's consolidated financial statements regarding corporate taxes. The Ontario Ministry of Finance is committed to working with the federal Department of Finance and the Canada Revenue Agency to support a review of the available options, and the implementation of any appropriate changes, to support the Auditor General's audit of the Province's 2022/23 Consolidated Financial Statements. The federal Department of Finance is responsible for the federal *Income Tax Act* and any amendments that may be required to implement the proposal.

6.0 iGaming Ontario

In our 2021 report titled Internet Gaming in Ontario, we raised concerns about the legal risks of Ontario's new Internet gaming model under the Criminal Code of Canada, the governance risks of iGaming Ontario's structure, and the Province's diminished role in ensuring the fairness and integrity of Internet gaming. The following is an update of the developments in Internet gaming that have occurred since the issuance of that report.

iGaming Ontario, a legal subsidiary of the Alcohol and Gaming Commission of Ontario (AGCO) and the Crown agency responsible for the conduct and management of Internet gaming provided through private gaming operators, completed its initial year of operations as at March 31, 2022. Our Office conducted the audit of iGaming Ontario's first set of financial statements where we issued an unqualified audit opinion. We also took the unusual but necessary step of including an "Other Matter" paragraph in our Independent Auditor's Report. This paragraph highlights to users of iGaming Ontario's financial statements that iGaming Ontario has assumed the legal risk of whether its operating model meets the "conduct and manage" requirement set out in the Criminal Code of Canada. iGaming Ontario and the Ministry of the Attorney General are of the opinion that iGaming Ontario's operating agreements and associated policies were designed to meet the requirements of the Criminal Code.

During our audit, we also noted significant related party transactions between iGaming Ontario and the AGCO. Effective September 2021, iGaming Ontario entered into a Shared Resource Agreement with the AGCO to provide it with shared services related to human resources, payroll, procurement, and information technology services on a cost-recovery basis. In addition to these shared services, the AGCO also paid for all of iGaming Ontario's costs, such as employee salaries and benefits, on its behalf. While these related party transactions may have been necessary for the start-up of iGaming Ontario, they create the potential for conflicts of interest and compromise the actuality and the appearance of the AGCO as an independent regulator of Internet gaming in Ontario.

Subsequent to its fiscal year-end, on April 4, 2022, iGaming Ontario launched the new regulated market for Internet gaming in Ontario. Under this market, iGaming Ontario has entered into commercial agreements (called "operating agreements") with registered private gaming companies (called "operators") who can offer their Internet games, such as casino games and sports betting, to players in Ontario on their websites. At the launch of the market, iGaming Ontario had operating agreements with 12 operators. In exchange for offering their Internet games, operators are entitled to receive a share of the "gross gaming revenue," which is defined as the aggregate amount of all cash collected or received by operators from Ontario-residing players for participating in any operator game offerings, including all accepted wagers, rake fees, tournament fees and other fees, less the aggregate amount of all paid winnings and eligible deductions.

In its first two quarters of operations, from April 4 to September 30, 2022, iGaming Ontario reported a total gross gaming revenue of $386 million (unaudited—includes total gaming revenue of $429 million less eligible deductions of about $43 million); of this amount, iGaming Ontario will pay about 80%, or $309 million, to operators in accordance with the existing terms and conditions under the operating agreements. In addition, iGaming Ontario is required to pay harmonized sales tax to the Government of Canada equal to 13% of the amounts paid to operators.

After the payments noted above, iGaming Ontario's net income up to September 30, 2022 was about 9.6% of the total gross gaming revenue, or $37 million, before deducting revenue-sharing payments to the Ontario First Nations Limited Partnership and iGaming Ontario's operating expenses such as employee salaries and benefits.

As part of our audit of iGaming Ontario's financial statements for its year ending March 31, 2023, we will be assessing iGaming Ontario's accounting treatment for the recognition of revenues related to its operating agreements with operators.

We will also be reviewing the presentation of iGaming Ontario's revenues, expenses, assets and liabilities in the Province's 2022/23 consolidated financial statements. In addition, our Office will follow up on the status of the recommendations we made in our 2021 report titled Internet Gaming in Ontario.

7.0 Financial Services Regulatory Authority of Ontario (FSRA)

7.1 Background

The Financial Services Regulatory Authority of Ontario (FSRA) is the primary regulator of non-securities-related financial services in the province. This self-funded Crown agency—which is accountable, through the Ministry of Finance (Ministry), to the Ontario Legislature—supervises key financial sectors including the credit union, insurance and provincially registered pension plan sectors in Ontario. Each of the sectors is governed by several different statutes and regulations. FSRA took over the roles and responsibilities of its predecessor agencies, the Financial Services Commission of Ontario (FSCO) and the Deposit Insurance Corporation of Ontario (DICO), on June 8, 2019.

7.2 Deposit Insurance Reserve Fund

Under the *Credit Unions and Caisses Populaires Act, 2020* (Act), FSRA is responsible for the administration, operation and prudent management of the Deposit Insurance Reserve Fund (DIRF), which provides deposit protection coverage to eligible credit union depositors as well as financial assistance to credit unions. The DIRF is funded by deposit insurance premiums charged to credit unions and caisses populaires (herein referred to collectively as "credit unions") by FSRA. Under the Act, an amendment was made in 2018 indicating that FSRA is liable to insure eligible deposits held in Ontario credit unions only up to the asset balance in the DIRF at any given time. Prior to the amendment in 2018, no such limitation existed in legislation.

In accordance with the Act, FSRA may use the DIRF to pay for deposit insurance claims. The DIRF may also be used to pay for the following financial support to credit unions:

- costs associated with the orderly winding up of credit unions in financial difficulty;
- financial assistance to a credit union under FSRA's administration in its continued operation or orderly winding up of its operations;
- an advance or grant for the purpose of paying lawful claims against a credit union made by its members related to withdrawal of deposits;
- assets acquired or liabilities assumed from credit unions (usually under the above circumstances); and
- fees in respect of credit agreements entered into by FSRA to provide financial assistance to the credit union sector.

As at March 31, 2022, the DIRF reported an audited fund surplus (i.e., net assets) of approximately $372.9 million.

In July 2022, we reviewed the FSRA-approved deposit insurance brochure that Ontario credit unions are required to display prominently in their premises pursuant to *FSRA Rule 2019-002, Deposit Insurance Advertising*. We noted that Ontario credit unions used the brochure to advertise that depositors are covered up to $250,000 of eligible non-registered deposits plus all insurable deposits in registered accounts with each credit union—a potential competitive advantage among deposit-taking financial institutions operating in Ontario. However, the brochure did not make any mention that FSRA's system-wide deposit liability is at all times limited to the amount of assets in the DIRF.

FSRA subsequently updated the approved advertising brochure and publicly issued on September 6, 2022 to state, "The liability of FSRA to insure deposits held at Ontario credit unions is limited to the assets of the Deposit Insurance Reserve Fund."

7.3 Financial Assistance to PACE Savings and Credit Union Limited

Under the Act, PACE Savings and Credit Union Limited (PACE) was placed under FSRA's administration in September 2018 by FSRA's predecessor DICO to protect the credit union members' interests from potential harm.

On April 20, 2022, PACE (acting through FSRA as its administrator), Alterna Savings and Credit Union Limited (Alterna), and FSRA (in its capacity as administrator of PACE) entered into a purchase and assumption (P&A) agreement such that Alterna agreed to acquire most of the assets and liabilities of PACE. This P&A transaction enabled Alterna to continue to operate PACE's core business and service PACE's members. The P&A transaction closed on June 30, 2022.

FSRA, as the DIRF's administrator, provided the following financial assistance from the DIRF under the Act:

- a $500 million revolving secured loan facility to provide liquidity when PACE experiences a rapid decline in liquidity that could cause either material financial or operational difficulties. Two advances totalling $25 million made under this facility in May 2022 were repaid by Alterna, with interest, when the P&A transaction closed on June 30, 2022;
- a limited guarantee up to $155 million to Alterna over certain payment obligations, representation and warranties of PACE under the P&A agreement, and other related agreements. The most notable are potential deficiency payments equal to 50% of losses on retail loans and 100% of losses on commercial loans that Alterna may incur that are beyond the loss provisions accrued by PACE on the loans it acquired from PACE in the P&A transaction. The coverage period for deficiency payments is one to five years, depending on the loan portfolio, starting June 30, 2022;
- $25 million in the form of an unsecured, non-interest-bearing promissory note that matures and is due on December 31, 2022 to pay for PACE's portion of a court-approved settlement of certain claims by investors in preferred shares that were distributed and issued by two PACE subsidiaries (and one unaffiliated entity);
- $10 million of maximum indemnification coverage to retain certain members of PACE to operate PACE and to assist with the completion of the P&A transaction due to PACE's inability to renew its Directors and Officers insurance policy (as at March 31, 2022, FSRA does not anticipate claims under this indemnification agreement);
- $4.1 million in professional fees for advisory services for the P&A transaction that FSRA intends to recover from PACE;
- ongoing exposure to changes in the value of certain assets and liabilities that were excluded from the P&A transaction and will remain with PACE; and
- costs associated for the future wind-up of PACE to the extent PACE has insufficient resources to pay its senior creditors.

7.4 Deposit Coverage in Ontario

As a consequence of the financial assistance provided to PACE under the provisions of the Act, we observe that up to $155 million of the assets available in the DIRF have been committed in the form of a guarantee of PACE's time-limited, loan deficiency warranties. In the short- to medium-term, this guarantee in favour of PACE could have a significant impact on the ability of FSRA to pay deposit insurance claims, since a 2018 amendment to the *Credit Unions and Caisses Populaires Act, 1994* limits FSRA's obligation to insure eligible deposits up to the asset balance in the DIRF.

FSRA maintains a credit facility agreement with the Ontario Financing Authority up to a maximum of

$2 billion for the purposes of mitigating any potential liquidity risk in Ontario's credit union sector, including situations where credit unions may require financial support beyond the support available from the DIRF. As of March 31, 2022, FSRA has no amounts drawn on this credit facility. We note that this credit facility is available to FSRA directly, not the DIRF, and cannot be presumed by depositors to be used to pay deposit insurance claims that exceed the assets in the DIRF. Provincial government approval will be required for payments beyond the balance in the DIRF.

See our Office's 2022 report, titled Financial Services Regulatory Authority: Regulation of Private Passenger Automobile Insurance, Credit Unions and Pension Plans, for additional analysis and recommendations about FSRA's funding.

7.5 Financial Reporting of FSRA, DIRF and the Province

The significant events around FSRA's administration of PACE were provided in detailed disclosures in the audited financial statements of FSRA and DIRF for the year ended March 31, 2022. These disclosures describe the transactions between all parties, ongoing risks and exposures to the DIRF, and the various forms of financial assistance FSRA offered to PACE through the DIRF.

A credit union deposit insurance subsection was added to Note 11a, Contingent Liabilities in this year's notes to the consolidated financial statements of the Province. The note describes the deposit coverage that Ontario credit unions advertise to their members and discloses the purpose and terms of the loan facility between FSRA and the Ontario Financing Authority.

RECOMMENDATION 2

We recommend that in its 2023 annual report, the Financial Services Regulatory Authority of Ontario (FSRA) publicly report on the short- and long-term financial ability of the Deposit Insurance Reserve Fund to provide adequate deposit protection coverage to credit union members while maintaining FSRA's flexibility to provide discretionary financial assistance to financially distressed credit unions.

FINANCIAL SERVICES REGULATORY AUTHORITY OF ONTARIO RESPONSE

The short-term and long-term ability of the Deposit Insurance Reserve Fund (DIRF) to provide adequate deposit coverage is best reported in the DIRF annual report rather than the FSRA annual report. Any such analysis would be provided at a high level and be based on coverage as a percentage of deposits.

As the DIRF is the protection fund, FSRA should not comment on its flexibility to provide discretionary financial assistance to financially distressed credit unions. Such support is provided on a case-by-case and as-needed basis. Reporting on this aspect may provide a false impression of the availability of this support.

8.0 Office of the Children's Lawyer

The Office of the Children's Lawyer is a law office within the Ministry of the Attorney General that protects the personal and property rights of children in a range of civil proceedings as provided by statute and common law. Under the *Courts of Justice Act* (Act), the Auditor General is required to examine and report on the accounts and financial transactions of the Office of the Children's Lawyer. Historically, the Office of the Children's Lawyer prepared annual financial statements and our Office audited those financial statements. However, the Office of the Children's Lawyer stopped preparing annual financial statements and the associated supporting documents for any fiscal year after its March 31, 2013 financial statements. In reports to those charged with governance in both the years ended March 31, 2012 and March 31, 2013, we noted challenges encountered in completing the audits due to delays in the receipt of complete and accurate documentation.

Since the time the Office of the Children's Lawyer stopped preparing annual financial statements, our Office has continued to periodically encourage the Office of the Children's Lawyer to prepare those statements in accordance with the requirements of the Act.

The Office of the Children's Lawyer has been seeking a legislative amendment to the Act to remove the requirement that our Office examine and report on its accounts and financial transactions. Its rationale is that the Office of the Children's Lawyer operates as a program area of the Ministry of the Attorney General, and that its transactions are therefore reported in the Public Accounts. We have been in ongoing dialogue with the Office of the Children's Lawyer to obtain the information needed for our audits of the outstanding years. However, the Office of the Children's Lawyer has been unable to prepare the information required for the audits to commence. There are now nine fiscal years (i.e., the years ended March 31, 2014 through to March 31, 2022) that have passed in which the Office of the Children's Lawyer has not prepared annual financial statements and the associated support for an audit.

At a minimum, the Office of the Children's Lawyer should prepare financial information for the most recent fiscal year ended March 31, 2022 so that we can audit the financial information and report to the Ministry of the Attorney General, and prepare the required information on a go-forward basis.

RECOMMENDATION 3

To ensure the Office of the Children's Lawyer complies with the reporting requirements of the *Courts of Justice Act*, we recommend that the Office of the Children's Lawyer, at a minimum, prepare the required information for our Office to perform an audit of the most recent fiscal year ended March 31, 2022, and to prepare the required information on a go-forward basis.

OFFICE OF THE CHILDREN'S LAWYER RESPONSE

The Office of the Children's Lawyer is working with the Office of the Auditor General of Ontario to undertake the audit for the March 31, 2022 financial statements.

9.0 Personal Protective Equipment

In response to the COVID-19 pandemic, the Province established a procurement process for personal protective equipment (PPE). PPE includes supplies such as medical equipment, masks, face shields, face coverings, gloves, ventilators, beds, swabs, rapid antigen tests, protective gowns, and cleaning disinfectant supplies. As part of the response to the pandemic, PPE was primarily procured by the Province or received from the Government of Canada. The responsibility of purchasing PPE for the Province was assigned to both the Ministry of Health and the Ministry of Public and Business Service Delivery.

In 2021/22, the purchasing activities for PPE increased significantly when compared to prior years to provide sufficient health-care supplies to the broader public sector (i.e., hospitals, long-term-care homes, school boards, colleges and universities) as well as other distribution channels within the province. A significant amount of time and effort was spent by the ministries to quantify and cost the PPE to ensure the PPE was recorded properly, and by our Office to audit the inventory of PPE for the year ended March 31, 2022.

During our work, we identified accounting risks related to the tracking and completeness of inventory. The Province had been tracking the purchases of provincial PPE for accounting purposes manually through spreadsheets. Manual processes are prone to human error that can result in significant inaccuracies. In addition, items shipped were not properly tracked. To address this risk, we separately tested opening inventory, purchases and ending inventory. As well, we reconciled quantities from warehouse to accounting records and performed inventory counts at a sample of warehouses that stored PPE.

The Province recorded PPE supplies as an asset costing $1.5 billion in its consolidated financial statements for the year ended March 31, 2022. We noted that $66 million of PPE inventory was written off during the fiscal year due to expired, obsolescent and damaged items. Given that the Province holds a significant amount of PPE inventory, to minimize the amount of expired PPE, it would be prudent to establish more formal processes where inventory is actively monitored and routinely distributed to key stakeholders in need, such as hospitals, prior to their expiration date.

RECOMMENDATION 4

We recommend that the Ministry of Health and the Ministry of Public and Business Service Delivery implement a co-ordinated and automated inventory management system to:

- accurately track the pricing and quantities of purchases, shipments and balances of personal protective equipment (PPE) to ensure appropriate oversight of the inventory; and
- actively monitor PPE inventory for expiration and ensure the inventory is distributed to key stakeholders based on their specific needs, prior to expiration.

MINISTRY OF HEALTH AND MINISTRY OF PUBLIC AND BUSINESS SERVICE DELIVERY RESPONSE

The Ministry of Health and the Ministry of Public and Business Service Delivery (MPBSD) thank the Auditor General for these recommendations and for highlighting the ongoing value of and need for effective Inventory Management. In its co-ordination role, MPBSD will:

- consider implementation of a co-ordinated and automated inventory management system (including tracking price, quantities of purchases, shipments and balances of inventory) as part of long-term warehouse and logistics planning;
- strengthen processes to actively monitor PPE inventory for expiration;
- continue to co-ordinate with the Ministry of Health and Ontario Health to incorporate the PPE stockpile as part of their overall material management program;
- continue to engage with all public sector organizations to make the stockpile the single source of supply for products held in the stockpile; and
- continue to distribute inventory to all Ontario public sector entities in accordance with agreed upon plans.

10.0 Governance of Health Care in Ontario

Historically, funding for health-service providers, such as hospitals and long-term-care homes, was provided by the Ministries of Health and Long-Term Care, respectively, through the 14 Local Health Integration Networks (LHINs). Effective April 1, 2021, the Minister of Health, under the *Connecting Care Act, 2019*, transferred responsibilities of the LHINs to Ontario Health (i.e., health system funding, planning and community functions), in alignment with Ontario Health's legislated mandate and public accountability to provide specific funding to health-service providers delivering health care. In 2021/22, Ontario Health provided a total of $29.6 billion in funding to health-service providers.

During our audits of Ontario Health's financial statements and the Province's consolidated financial statements, we observed that certain funding for programs were directly disbursed to the health-service providers from the Ministry of Health without prior authorization by Ontario Health. We also noted that although Ontario Health authorized the initial funding allocations for long-term-care homes, subsequent changes were made to the allocations by the Ministry of Long-Term Care without prior authorization by Ontario Health. Further, we noted that the authorization of significant funding from the Ministry of Health intended for Ontario Health's use in 2021/22 was not evidenced by a signed funding agreement until after the year-end.

Overall, we found that there continues to be an unclear delineation of roles and responsibilities between the Ministries of Health and Long-Term Care and Ontario Health, with respect to funding for health-service providers. This in turn increases the risk of material financial reporting errors on the recording of and accountability for government transfers and the use of those funds. As part of the audit of the Province's consolidated financial statements, identified by the errors adjusted during the Ontario Health financial statement audited, additional audit work was performed to address the increased risk of misstatement related to these transfers. We made several recommendations to Ontario Health that were accepted by its Board and senior management, and communicated this to the Ministry of Health and the Ministry of Long-Term Care. Implementation of the recommendations will require direct involvement and co-operation from the ministries.

RECOMMENDATION 5

We recommend that the Ministries of Health and Long-Term Care:

- review their processes around all aspects of funding to Ontario Health managed health-service providers and meet with Ontario Health and discuss what is needed going forward so that Ontario Health can fully operate in accordance with its legislated mandate regarding the provision of funding to health-service providers (including but not limited to initiation, authorization, cash disbursement and reconciliation to confirm the appropriate use of funding); and
- implement the necessary changes such that funding decisions and direction on the use of funds by Ontario Health are accompanied by a signed agreement by fiscal year-end as evidence of the formal transfer of responsibilities for funding health-service providers from the Ministry of Health to Ontario Health as was originally intended when establishing Ontario Health.

MINISTRIES OF HEALTH AND LONG-TERM CARE RESPONSE

The Ministry of Health and the Ministry of Long-Term Care acknowledge and appreciate the Auditor General's recommendation to ensure strong processes are in place for funding health-service providers that are managed by Ontario Health.

There are robust accountability agreements and clear division of roles and responsibilities between the Ministries and Ontario Health that are in place which allow Ontario Health to operate within its legislative mandate. This framework allows Ontario Health to provide funding advice and recommendations to the Ministries and for the Ministries to make funding decisions for health-service providers managed by Ontario Health.

The Ministries acknowledge that the Auditor General observed instances where certain established funding processes were not followed and are committed to working with Ontario Health to ensure that Ontario Health notifies the Ministries to provide funding to a health-service provider prior to disbursing the funds; however, the Ministries note that the funding disbursed was for approved purposes. The Ministries also acknowledge the need for signed funding agreements to be in place by fiscal year-end and are committed to ensuring they are in place when all funding terms are known by year-end.

11.0 Ontario Disability Support Program Overpayments

The Ontario Disability Support Program (ODSP) is managed by the Ministry of Children, Community and Social Services (Ministry). During the course of our audit of the consolidated financial statements this year, our testing identified ODSP overpayments associated with the Special Diet Allowance and Mandatory Special Necessities benefits. From a Public Accounts perspective, ODSP overpayments do not have a significant effect on the annual deficit. There are legislative and administrative restrictions on the recovery of an overpayment from the amount of an ODSP recipient's monthly payment. As a result, the recovery receivable that is set up for ODSP recoveries is usually reduced by an allowance for doubtful accounts of 80% to 85% of the related recovery receivable. Therefore, identified overpayments originally recorded as transfer payment expenses are transferred to bad debt expense with a minimal effect on the annual deficit. ODSP overpayments are a value-for-money issue as opposed to a Public Accounts issue, as overpayments lead to less money being available to spend on increasing ODSP benefits or funding other programs.

In our *2019 Annual Report*, Chapter 3.09 Ontario Disability Support Program, we recommended that the Ministry establish a risk-based time frame for ODSP caseworkers to periodically review the eligibility of all ODSP recipients in order to help prevent overpayments. As outlined in our 2022 Annual Follow-Up on Value-for-Money Audits, the Ministry has made little progress in implementing this recommendation.

RECOMMENDATION 6

To help prevent Ontario Disability Support Program (ODSP) overpayments, we recommend that the Ministry of Children, Community and Social Services:

- ensure that approved Application for Special Diet Allowance (SDA) and/or Mandatory Special Necessities (MSN) forms are valid and retained for all eligible recipients of these benefits; and
- periodically review the supporting documentation on file for ODSP recipients and related information, including but not limited to income verification details and expiry dates of SDA and MSN forms entered within the Social Assistance Management System, to ensure the information remains up-to-date.

MINISTRY OF CHILDREN, COMMUNITY AND SOCIAL SERVICES RESPONSE

Where a Special Diet Allowance or Mandatory Special Necessities benefit is approved and processed by the local office, the expiry date of the approval is established by the health-care professional and entered into the Social Assistance Management System (SAMS). The benefit expiry date in SAMS triggers notifications to the caseworker to review documentation on the case, to support regular review and updates.

Beginning in 2017, the Ministry began implementing the Electronic Document Management model, which includes a component where all new documents received are digitized and uploaded to SAMS. Effective July 2020, digitization of documents has been implemented across all 47 ODSP offices. The majority of historical files have been removed from ODSP offices with active files being digitized.

It should be noted that new front-line caseworkers take an eight-week intensive learning program that builds the foundational knowledge required to complete the core functions of their duties. This includes sessions on financials and benefit calculations, where benefits such as the Special Diet Allowance or Mandatory Special Necessities are included as an in-depth focus.

Additional training and follow-up for staff are planned for spring 2023 to address this recommendation.

12.0 Entities to Be Consolidated into the Public Accounts of Ontario in the 2022/23 Fiscal Year

In the normal course of our annual audit of the consolidated financial statements of the Province and our value-for-money work, we may identify accounting entities that need to be assessed for potential accounting consolidation into the Public Accounts of Ontario. In each case, we work with the Office of the Provincial Controller Division and the responsible ministry to perform control and accounting classification assessments in accordance with Canadian Public Sector Accounting Standards. For the upcoming fiscal year ended March 31, 2023, the following entities will be consolidated by the Province and reported as part of the Public Accounts:

- **Non-Indigenous Children's Aid Societies—** as reported in our *2021 Annual Report*, the Ministry of Children, Community and Social Services (Ministry) completed a formal accounting control analysis of Children's Aid Societies (Societies). The Ministry concluded that non-Indigenous Societies are controlled by the Province (and also concluded that Indigenous Societies are not controlled). The Office of the Provincial Controller Division concurred with this conclusion. Our Office performed an independent analysis and also concurred with the Ministry's conclusion. The consolidation of non-Indigenous Societies will add approximately $124 million of net assets to the consolidated statement of financial position of the Province, based on the 2020/21 audited financial statements of the Societies.
- **Ontario School Boards' Insurance Exchange (OSBIE)—**OSBIE was established in 1987 to provide general liability insurance to Ontario school boards and has since evolved to provide various types of insurance such as property insurance and fleet automobile insurance. In 2021, during the course of our value-for-money review Financial Reporting of School Boards in Ontario we requested the Ministry of Education (Ministry) to conduct an accounting control assessment of OSBIE under Canadian Public Sector Accounting Standards. The Ministry concluded that OSBIE is collectively controlled by 79 school boards and therefore, OSBIE's financial position and results should be included in the Province's consolidated financial statements. Our Office performed an independent analysis and concurred with the Ministry's conclusion. There was also agreement on this overall consolidation by the Office of the Provincial Controller Division and the Ministry of Finance, and in turn the Comptroller General and the President of the Treasury Board, the Deputy Minister and the Minister of Finance. The consolidation of OSBIE will add approximately $142 million of net assets to the consolidated statement of financial position of the Province, based on OSBIE's 2021 audited financial statements.
- **Motor Vehicle Accident Claims Fund (MVACF)—**MVACF is a fund administered by the Ministry of Public and Business Service Delivery (Ministry) that earns a fee of $15 on the issuance or renewal of each driver's five-year licence. MVACF provides compensation for eligible losses resulting from automobile accidents involving uninsured or unidentified drivers when there is no insurance policy available. Historically, the Province has not consolidated MVACF, but has reported MVACF as a trust under administration in the notes to the consolidated financial statements. We requested the Ministry to perform an accounting control analysis. Our Office performed an independent analysis and determined that MVACF is a government component (i.e., a fund) within the Ministry and does not meet the definition of a trust under administration. The Office of the Provincial Controller Division agreed with our conclusion. The consolidation of MVACF will add approximately $122 million of net liabilities to the consolidated statement of financial position of the Province, based on MVACF's 2021/22 audited financial statements.

13.0 Ontario's Debt Burden

We have consistently commented in previous Annual Reports on Ontario's growing debt burden, attributable to Ontario's large annual deficits and its spending on capital assets such as infrastructure. As part of the commitments made by the Province to combat COVID-19, the Province continued to incur additional debt in 2021/22.

We noted that the Province has relied on historically low interest rates to keep its debt-servicing costs relatively stable but the debt itself, when measured as total debt or net debt, continues to grow each year, as illustrated in **Figure 4.** For the first time in many years, the accumulated deficit has slightly decreased as a result of

Figure 4: Total Debt, Net Debt and Accumulated Deficit, 2015/16–2024/25 ($ million)

Sources of data: Province of Ontario Consolidated Financial Statements, March 31, 2022, Province of Ontario Annual Report – Financial Statement Discussion and Analysis, *2022 Ontario Budget*, *2022 Ontario Economic Outlook and Fiscal Review*, and Ministry of Finance

	Actual							Estimate		
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21[1]	2021/22[1]	2022/23[2,3]	2023/24[2,3,4]	2024/25[2,3,4]
Total Debt	321,191	325,128	337,411	354,264	372,790	405,012	426,417	431,300	459,100	467,800
Net Debt	306,357	314,077	323,834	338,496	353,332	373,564	380,415	407,231	424,750	436,199
Accumulated Deficit	203,014	205,939	209,023	216,642	225,764	239,294	236,857	253,539	261,592	262,243

1. March 31, 2022 Province of Ontario Consolidated Financial Statements.
2. Net debt and accumulated deficit includes the reserve, as reported in the *2022 Ontario Economic Outlook and Fiscal Review*.
3. Estimate of total debt is based on the total debt reported in the *2022 Ontario Budget*, adjusted for the change in the funding requirement reported in the *2022 Ontario Economic Outlook and Fiscal Review* compared to the *2022 Ontario Budget*.
4. Total debt assumes a reduction of the same amount of holdings of Ontario bonds and treasury bills as 2022/23.

the 2021/22 annual surplus, although it is projected to increase over the next three years. The three measures of debt are defined below:

- *total debt* is the amount of borrowed money the government owes to external parties, and consists of bonds issued in public capital markets, non-public debt, treasury bills and US commercial paper. Total debt provides the broadest measure of a government's debt load;
- *net debt* is the difference between the government's total liabilities and its financial assets. Liabilities consist of all amounts the government owes to external parties, including total debt, accounts payable, pension and retirement obligations, and transfer-payment obligations. Financial assets are those that theoretically can be used to pay off liabilities or finance future operations, and include cash, accounts receivable, temporary investments and investments in government business enterprises. Net debt provides a measure of the amount of future revenues required to pay for past government transactions and events; and
- *accumulated deficit* represents the sum of all past annual deficits and surpluses of the government. Accumulated deficit can also be derived by deducting the value of the government's non-financial assets, such as its tangible capital assets, from its net debt.

13.1 Debt Issuances

As part of the Province's borrowing program, it issues debt in both domestic and international markets. This includes Canadian dollar syndicated issues, Canadian dollar Green Bonds, treasury bills, and foreign currency issuances (for example, US dollar bonds, US commercial paper, euro bonds, euro medium-term note issues, pound sterling bonds, Japanese yen issues, and Australian issues).

The Ontario Green Bond program consists of debt securities where the proceeds from bond issuances are used to fund projects with specific environmental benefits in accordance with the Ontario Green Bond Framework, which sets out the types of projects that may be eligible for proceeds from Green Bonds. Our Office audits the Schedule of Use of Green Bond Proceeds, which tracks on a cash basis the use of funds generated by the issuance of Green Bonds for the selected projects approved under the Ontario Green Bond Framework.

We review the Province's Form 18-K Annual Report, filed annually with the United States Securities and Exchange Commission, which includes the Province's Annual Report and the consolidated financial statements.

We also review certain offering documents for foreign debt issuance programs, such as new US shelf registration statements which are filed every three to five years, the annual euro medium term-note program offering circular, and offering documents for new debt issues in Switzerland, as these offering documents include or incorporate by reference the Independent Auditor's Report.

13.2 Main Contributors to the Increase in Net Debt

The Province's net debt has been growing over many years and is attributable to its large annual operating deficits (except for the 2021/22 annual operating surplus), along with its expenditures on capital assets such as buildings and other infrastructure and equipment, whether acquired directly or through public-private partnerships. This extends to assets acquired for the government or its consolidated organizations, such as public hospitals, as illustrated in **Figure 5.**

Based on the *2022 Ontario Economic Outlook and Fiscal Review* (Fall Economic Statement), the Province projects it will have annual deficits over the next three years, and its net debt will continue to rise as the government borrows to finance its operations, although it has decreased its estimate of the amount of financing needed when compared to the *2022 Ontario Budget* due to an annual surplus for 2021/22 and higher nominal GDP growth. Compared to the *2022 Ontario Budget*, projected net debt has decreased by $21.4 billion to $407.2 billion for 2022/23, net debt for 2023/24 has decreased by $25.7 billion to $424.8 billion, and net debt for 2024/25 has decreased by $32.6 billion to $436.2 billion. In the 2022 Fall Economic Statement, the Province presents three alternative economic growth scenarios, which have been revised from the amounts initially reported in the *2022 Ontario Budget*, that could impact the amount of long-term debt borrowing required (which was used for the projections in **Figures 4** to **10**). Under the planning projection, the Province estimates it will need to borrow $32.3 billion and will have an annual deficit of

Figure 5: Net Debt Growth Factors, 2015/16–2024/25 ($ million)

Sources of data: March 31, 2022 Province of Ontario Consolidated Financial Statements, *2022 Ontario Budget*, *2022 Ontario Economic Outlook and Fiscal Review*, and Ministry of Finance

	Restated Net Debt Beginning of Year[1]	Deficit/ (Surplus)[1]	Net Investment in Tangible Capital Assets[2]	Miscellaneous Adjustments[3]	Restated Net Debt End of Year[1]	Increase/ (Decrease)
Actual						
2015/16	294,557	5,346	5,471	983	306,357	11,800
2016/17	306,357	2,435	4,752	533	314,077	7,720
2017/18	314,077	3,672	6,584	(499)	323,834	9,757
2018/19	323,834	7,435	7,000	227	338,496	14,662
2019/20	337,970	8,672	5,592	1,098	353,332	15,362
2020/21	353,332	16,404	6,366	(2,538)	373,564	20,232
2021/22	373,564	(2,051)	7,663	1,239	380,415	6,851
Estimated						
2022/23[4]	380,415	12,946	10,134	3,736	407,231	26,816
2023/24[4]	407,231	8,053	9,447	19	424,750	17,519
2024/25[4]	424,750	651	10,976	(178)	436,199	11,449
Total Over 10 Years		**65,563**	**73,986**	**4,619**		**142,168**

1. Restated for the net pension assets and the Fair Hydro Plan for the 2015/16 to 2017/18 fiscal years, and restated opening net debt for receivable of corporations tax and other revenue adjustments in the 2019/20 fiscal year.
2. Includes expenditures on government-owned and broader-public-sector land, buildings, machinery and equipment, and infrastructure assets capitalized during the year, less annual amortization and net gains reported on sale of government-owned and broader-public-sector tangible capital assets for the 2015/16 to 2021/22 fiscal years.
3. Unrealized fair value losses/(gains) on the Ontario Nuclear Funds Agreement (ONFA) Funds held by Ontario Power Generation Inc., other comprehensive income and International Financial Reporting Standards adjustments from government business enterprises, and prepaid expenses and other non-financial assets.
4. Net debt and deficit/(surplus) includes the reserve, as reported in the *2022 Ontario Budget*.

$0.7 billion by 2024/25. Under the faster growth scenario, it will require $22.4 billion in long-term borrowings ($9.9 billion less than the planning projection) and will incur an annual surplus of $9.2 billion by 2024/25. Under the slower growth scenario, it will require $40.2 billion in long-term borrowings ($7.9 billion more than the planning projection) and will incur an annual deficit of $8.5 billion by 2024/25.

In the last 10 years, Ontario's net debt has increased by 57.3%, from $241.9 billion beginning in 2012/13 to $380.4 billion in 2021/22, and is estimated to increase by an additional $55.8 billion, or 14.7%, in the next three years, resulting in an overall increase of 80%. It is estimated that the net debt will be $436.2 billion by 2024/25.

To put this in perspective, the amount of net debt owed by each resident of Ontario on behalf of the government will increase from about $18,242 per person at the beginning of 2012/13 to about $27,961 per person in 2024/25. In other words, it would cost every Ontarian $27,961 to eliminate the Province's net debt in 2024/25. As of March 31, 2022, the amount of net debt owed by each resident of Ontario was $25,688.

13.3 Ontario's Ratio of Net Debt to Gross Domestic Product

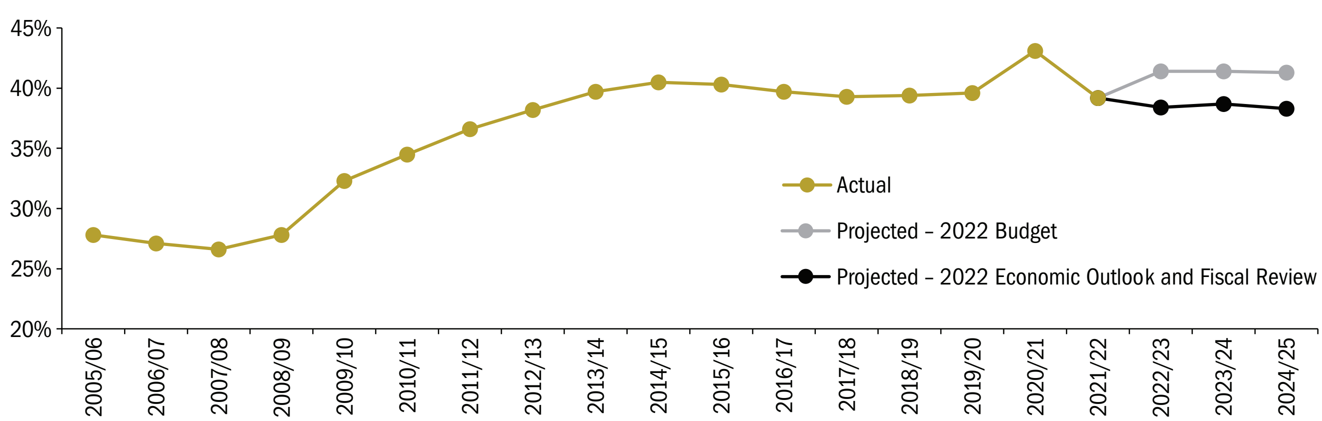
A key indicator of the government's ability to carry its debt is the level of debt relative to the size of the economy, or more specifically to the market value of goods and services produced by the economy (known as the gross domestic product, or GDP). This ratio of net-debt-to-GDP measures the relationship between a government's obligations and its capacity to raise the funds needed to meet them. It is an indicator of the burden of government debt on the provincial economy.

If the amount of debt that must be repaid relative to the value of the GDP is rising—in other words, if the ratio is rising—it means the government's net debt is growing faster than the provincial economy and is becoming an increasing burden.

Figure 6 shows the Province's net-debt-to-GDP ratio. Prior to the 2008/09 recession, this ratio remained fairly constant between 26% and 28%. However, it has been trending upward since then, reflecting factors such as significantly increased borrowing to fund annual deficits and infrastructure spending. Ontario's net-debt-to-GDP ratio rose from 26.6% before the 2008/09 recession to 43.1% in 2020/21, and decreased to 39.2% in 2021/22 as a result of the annual surplus and economic growth. In the 2022 Fall Economic Statement, the Province projects Ontario's net debt will increase by $55.8 billion over the next three years, resulting in a net-debt-to-GDP ratio of 38.3%. Compared to the projections in the *2022 Ontario Budget*, which projected it to reach 41.3% by 2024/25, the revised net-debt-to-GDP ratio is

Figure 6: Ratio of Net Debt to Gross Domestic Product, 2005/06–2024/25

Sources of data: March 31, 2022 Province of Ontario Annual Report – Financial Statement Discussion and Analysis, *2022 Ontario Budget*, and *2022 Ontario Economic Outlook and Fiscal Review*



expected to remain fairly constant over the next three years at approximately 38.5%.

We noted in our previous Annual Reports that many experts believe when a jurisdiction's net-debt-to-GDP ratio rises above 60%, that jurisdiction's fiscal health is at risk and is vulnerable to unexpected economic shocks.

We also noted that it is an oversimplification to rely on just one measure to assess a government's borrowing capacity, because that measure does not consider that government's share of federal and municipal debts. In Ontario's case, if the Province's share of those debts was included in its indebtedness calculations, the net debt would be considerably higher. However, consistent with debt-measurement methodologies used by most jurisdictions, we have focused throughout our analysis predominantly on the provincial government's direct net debt.

Figure 7 shows the net debt of Ontario compared to that of other provinces and the federal government, along with their respective net-debt-to-GDP ratios for the 2020/21 and 2021/22 fiscal years. For the year ended March 31, 2022, Ontario had one of the highest net-debt-to-GDP ratios compared to other Canadian jurisdictions that had issued their financial information. The 2021/22 financial information for Quebec was not available as at November 18, 2022.

13.4 Other Measures Used to Assess Government Debt Levels

13.4.1 Ratio of Net Debt to Total Annual Revenues

Another useful measure of government debt is net debt as a percentage of total annual revenue, an indicator of how much time it would take to eliminate the debt if the Province spent all of its revenues only on debt repayment. For instance, a percentage of 250% indicates that it would take 2.5 years to eliminate the provincial debt if all revenues were devoted exclusively to it.

As shown in **Figure 8**, this percentage declined from about 162% in 2005/06 to about 146% in 2007/08, reflecting the fact that the Province's net debt grew at a slower pace than the annual provincial revenue. Since then, the percentage has increased steadily. In 2021/22, the percentage decreased by 20.9% to 205.6% compared to the prior year, primarily driven by strong tax revenue growth. However, as reported in the 2022 Fall Economic Statement, the percentage is expected to reach 213.8% by 2024/25. The decrease in this ratio when compared to the projection of 238.1% in the *2022 Ontario Budget* is due to the reduction in net debt as well as anticipated increases in tax revenues. Overall, this increasing percentage indicates that the Province's net debt burden continues to outpace its revenue growth.

Figure 7: Net Debt and Net-Debt-to-GDP Ratios of Canadian Jurisdictions, 2020/21 and 2021/22

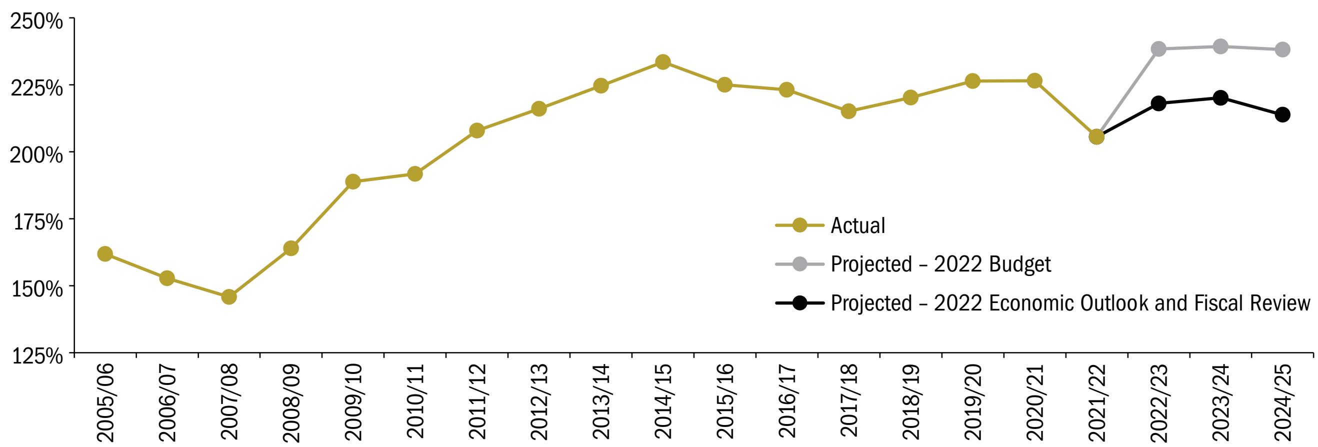
Sources of data: Province of Ontario Annual Report and Consolidated Financial Statements; Annual Reports and Consolidated Financial Statements of other provincial jurisdictions; federal budgets and budget updates; and budgets and Ministry of Finance report of provincial jurisdictions

	2020/21		2021/22	
	Net Debt ($ million)	Net Debt to GDP (%)	Net Debt ($ million)	Net Debt to GDP (%)
BC	53,165	18.0	55,784	16.0
AB	59,837	20.3	56,966	16.2
SK	13,683	17.6	15,488	18.1
PE	2,299	30.6	2,309	26.4
NB	13,452	35.8	12,363	29.9
NS	16,401	35.0	16,568	32.2
MB	27,651	38.0	28,455	35.7
QC*	190,245	43.1	191,904	38.0
ON	373,564	43.1	380,415	39.2
NL	16,016	50.7	16,372	42.5
Federal	1,149,825	52.2	1,238,366	49.7

* 2021/22 data was not available so the most recent projected data was used.

Figure 8: Net Debt as a Percentage of Total Annual Revenue, 2005/06–2024/25

Sources of data: March 31, 2022 Province of Ontario Annual Report – Financial Statement Discussion and Analysis, *2022 Ontario Budget*, *2022 Ontario Economic Outlook and Fiscal Review*, and Ministry of Finance



13.4.2 Ratio of Interest Expense to Revenue

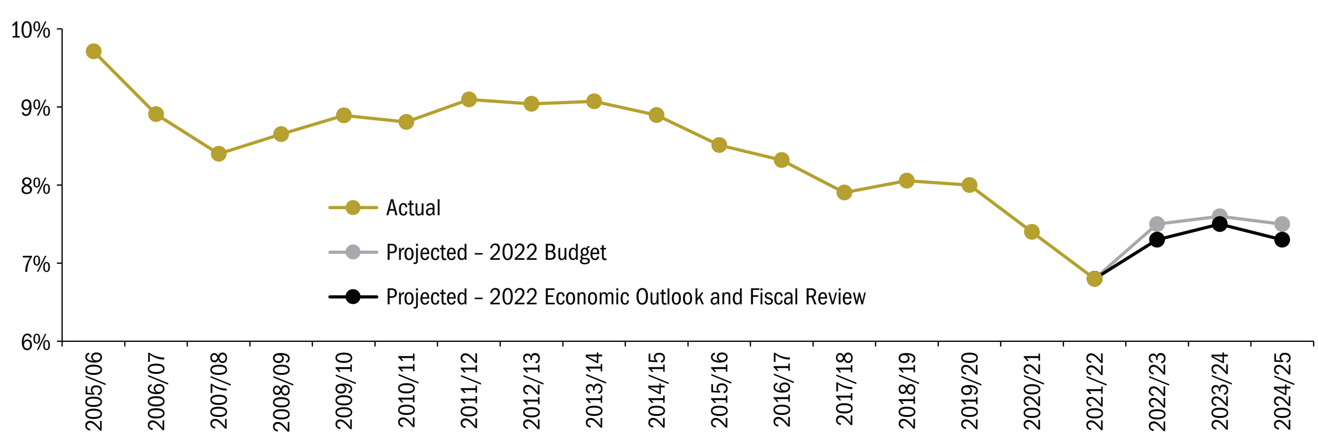
Interest expense is the cost of servicing total debt. Increases in interest expense can directly affect the quantity and quality of programs and services that the government can provide; the higher the proportion of government revenues used to pay interest costs on past borrowings, the lower the proportion available for spending in other areas. In the 2022 Fall Economic Statement, the government forecasts that in 2022/23 it will spend $13.6 billion in interest payments to service the Province's debt.

The interest-expense-to-revenue ratio illustrates the extent to which servicing past borrowings takes a greater or lesser share of total revenues.

As **Figure 9** shows, the actual interest-expense-to-revenue ratio held steady at around 9.0% from 2010/11 to 2014/15. This is due to historically low and steady interest rates during those years. In 2016/17, the government began consolidating the broader public sector (i.e., colleges, hospitals and school boards) on a line-by-line basis, which increased both interest expense and revenue reported in the Province's consolidated financial statements. The ratio declined to 6.8% in 2021/22 due to the strong tax revenue growth, and is

Figure 9: Interest Expense as a Percentage of Total Annual Revenue, 2005/06–2024/25

Sources of data: March 31, 2022 Province of Ontario Annual report – Financial Statement Discussion and Analysis, *2022 Ontario Budget*, and *2022 Ontario Economic Outlook and Fiscal Review*



projected to be 7.3% in 2024/25 (compared to 7.5% in the *2022 Ontario Budget*). This means approximately 7.3 cents of every dollar in government revenue will go toward paying interest on debt by 2024/25.

The debt exposes the Province to further risks, the most significant being interest-rate risk. If interest rates increase, the government will have considerably less flexibility to provide public services, such as health care and education, because a higher proportion of revenues will be required to pay interest on the Province's outstanding debt. More money will go toward interest expense, contributing to increasing the annual deficit.

Interest rates have been at record low levels over the last several years, enabling the government to keep its annual interest expense relatively steady even as its total borrowing has increased significantly. Interest rates remained relatively unchanged for the majority of the 2021/22 fiscal year until March 2022 when the prime rate increased from 2.45% to 2.7%, and has since increased four times to 5.95% as of November 2022. Government of Canada 10-year bond yields ranged from 1.17% to 1.97% during the fiscal year until March 2022 when the yield rose above 2%. It has since increased to 3.13% as of November 2022, and is projected to be 3.2% in 2025. The prime rate and bond yields are anticipated to continue to increase, as the Organisation for Economic Co-operation and Development (an intergovernmental organization with 38 member countries) expects the Bank of Canada to raise its current policy interest rate of 3.75% as of November 2022 to 4.5% in 2023. Increases in the policy interest rate influence the prime rate and bond yields.

As we noted in previous Annual Reports, the government has mitigated its interest-rate risk to some extent by increasing the weighted average term of its annual borrowings in order to take advantage of the current low rates. However, over the next three years, the government has projected earning revenues at a slower rate than the increase in the amount of net debt and interest expense. In the 2022/23 fiscal year, year-over-year revenues are projected to increase by 1.0% ($1.8 billion), while net debt is projected to grow by 7.0% ($26.8 billion). Interest expense is projected to increase by 8.3% ($1.0 billion). By the 2024/25 fiscal year, revenues are projected to grow by 10.3% ($19.0 billion), the net debt by 14.7% ($55.8 billion) and interest expense by 19.0% ($2.4 billion), when compared with the 2021/22 fiscal year.

The ratio of interest expense to revenue is expected to remain constant at around 7.4% in the near future, with the estimates of net debt, interest and revenues reported in the 2022 Fall Economic Statement. However, as interest rates are anticipated to climb further as evidenced by the significant increase in rates since March 2022, more interest will be paid on the accumulated debt, meaning the government will have less flexibility to respond to changing economic circumstances until the Province's debt burden is reduced. Past governments' borrowing and debt-servicing decisions mean a growing portion of revenues will not be available for other current and future government programs.

13.4.3 Ratio of Debt Maturities to Net Debt

When debt (such as treasury bills or bonds) matures, the Province must either settle or renew the debt. Typically, the Province will choose to renew the debt, which involves settling the maturing debt by raising new debt. Increases in the amount of maturing debt, relative to the level of existing net debt, indicate the Province will need to raise more debt with potentially higher interest rates. Interest rates have been steadily increasing in 2022 and it appears likely they will continue increasing into 2023. Increases in interest rates and therefore interest expense can affect the amount of funding available for programs and services provided by the government. Significant amounts of debt maturing at or around the same time also present a risk if the Province is unable to raise new debt due to economic or other circumstances.

In the *2022 Ontario Budget*, the Province introduced a new debt measure, debt maturities to net debt, that represents the ratio of long-term debt maturing in the year as a percentage of net debt in that year. A lower ratio would generally indicate that the Province is renewing debt at a slower pace with a higher capacity to service its debt. The Province set a planned upper limit of 10% based on consultation with underwriters, economists, the academic community and credit rating agencies.

In the 2022 Fall Economic Statement, the government forecast that the debt-maturities-to-net-debt ratio will be 7.5% in the 2022/23 fiscal year, and will fall to 6.4% in the 2024/25 fiscal year under planned projections. The ratio will be 6.7% under the faster growth scenario, and 6.2% under the slower growth scenario in the 2024/25 fiscal year.

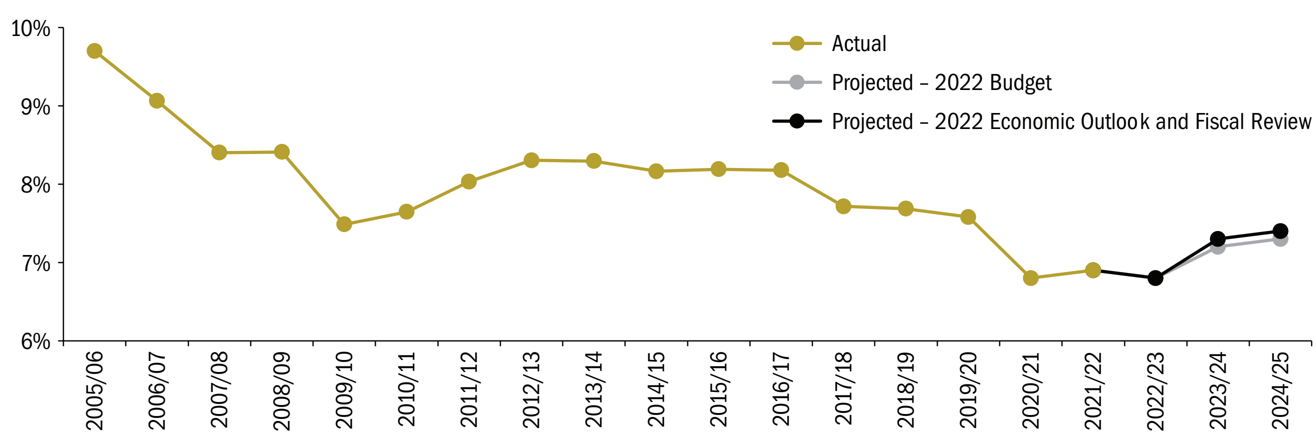
13.5 Consequences of High Indebtedness

Our commentary in prior years highlighted the consequences the Province might face if carrying a large debt load—and the same observations continue to be relevant this year. They include the following:

- **Debt-servicing costs cut into funding for other programs:** As debt grows, so do interest costs. As interest costs consume a greater proportion of government resources, there are less dollars to spend on other things. To put this “crowding-out” effect into perspective, interest expense is currently the Province’s fourth-largest annual expenditure behind health, education, and children’s and social services. As shown in **Figure 10**, because interest rates have been at historic lows in the last few years, actual interest-expense-to-total-expense percentages have ranged from 6.8% to 8.3%. In the *2022 Ontario Budget*, the Province forecasts that interest expense will increase to $14.9 billion by 2024/25, resulting in a projected interest-expense-to-total-expense percentage of 7.3%. In the 2022 Fall Economic Statement, this was revised to $15.0 billion and 7.4%, due to a reduction in the anticipated amount of financing needed from what was previously budgeted.
- **Greater vulnerability to interest rate increases:** Ontario has been able to keep its annual interest expense relatively steady, even as its total borrowing has increased significantly. For example, it was paying an average effective interest rate of about 8.4% in 1999/2000, but that dropped to 3.0% in 2021/22. However, if interest rates continue to rise, the government may have considerably less flexibility in providing public services because it will have to allocate more revenue to interest payments.
- **Credit-rating downgrades could lead to higher borrowing costs:** Provided by specialized agencies, credit ratings assess a government’s creditworthiness based largely on its capacity to generate revenue to service its debt. The four main credit-rating agencies in Ontario are Moody’s Investors Service (Moody’s), Standard and Poor’s Global Ratings (S&P), DBRS

Figure 10: Interest Expense as a Percentage of Total Expense, 2005/06–2024/25

Sources of data: March 31, 2022 Province of Ontario Annual Report – Financial Statement Discussion and Analysis, *2022 Ontario Budget*, *2022 Ontario Economic Outlook and Fiscal Review*, and Ministry of Finance



Morningstar (DBRS), and Fitch Ratings (Fitch). To assign a rating, agencies consider such factors as a government's economic resources and prospects, industrial and institutional strengths, financial health, financial and debt management practices, liquidity, access to capital, and susceptibility to major risks.

Figure 11 shows Ontario's credit ratings for the last five years. In 2018, Moody's downgraded its rating for Ontario's debt from Aa2 to Aa3, and Fitch revised its rating outlook from stable to negative—both assessments indicate the Province's increased credit risk. In 2019, Fitch revised its rating outlook to stable. The four main agencies' ratings and outlooks remained unchanged from 2021 to 2022. The government indicated in its 2022 budget that deficits are expected to continue until 2029/30, with a surplus in 2030/31. In the 2022 Fall Economic Statement, the Province revised the projected deficits for the medium-term, from a deficit of $19.9 billion to $12.9 billion for 2022/23, $12.3 billion to $8.1 billion for 2023/24, and $7.6 billion to $0.7 billion for 2024/25. There was an unexpected surplus in 2021/22 due to actual tax revenues being significantly greater than expectations. This surplus is anticipated to be anomalous.

The agencies' most recent reports (only DBRS and Fitch have released a rating report since the *2022 Ontario Budget* was released) cited drivers that could lead to a negative rating action, including the Province's failure to reduce future projected budget deficits, failure to stabilize the net-debt-to-GDP ratio over the medium term, and persistent increases in the debt burden that call into question the government's commitment to fiscal sustainability.

A credit rating can affect the cost of future borrowing, with a lower rating indicating that an agency believes there is a relatively higher risk that a government will default on its debt. Generally, investors will lend to that government only in return for a greater risk premium in the form of higher interest rates. A significant rating downgrade could also shrink the potential market for a government's debt, because some investors will not hold debt below a certain rating.

13.6 Debt Burden Reduction Strategy

In the *2019 Ontario Budget*, the government introduced the *Fiscal Sustainability, Transparency and Accountability Act, 2019* (Act). The Act includes a requirement for the Minister of Finance to set out an annual debt burden reduction strategy in the annual budget. This strategy requires the Province to consider its net-debt-to-GDP ratio in its plans for reducing the debt burden and monitor progress. The *2019 Ontario Budget* aimed to have the net-debt-to-GDP ratio at less than 40.8% by 2022/23. In the 2020 Ontario Budget, the Province indicated that there were risks and uncertainty associated with projecting economic information due to the COVID-19 pandemic, and that the debt burden reduction strategy would be included

Figure 11: Summary of the Province of Ontario's Default/Long-Term Credit Ratings for the Last Five Years

Sources of data: Moody's Investor Service, Standard and Poor's Global Ratings (S&P), DBRS Morningstar, and Fitch Ratings

Year	S&P	Moody's Investor Service	DBRS Morningstar	Fitch Ratings
2018	A+ (Stable)	Aa3 (Stable)	AA (Low) (Stable)	AA- (Negative)
2019	A+ (Stable)	Aa3 (Stable)	AA (Low) (Stable)	AA- (Stable)
2020	A+ (Stable)	Aa3 (Stable)	AA (Low) (Stable)	AA- (Stable)
2021	A+ (Stable)	Aa3 (Stable)	AA (Low) (Stable)	AA- (Stable)
2022	A+ (Stable)	Aa3 (Stable)	AA (Low) (Stable)	AA- (Stable)

Credit Rating Actions

Rating Downgrade

Rating Outlook Decline

Rating Outlook Improvement

in the *2021 Ontario Budget*. In the *2021 Ontario Budget*, the Province indicated its objective was to slow the rate of increase in the net-debt-to-GDP ratio and for the ratio to not exceed 50.5% over the medium-term outlook. The Province did not outline specific details on how it planned to manage Ontario's growing debt burden, such as setting evidence-based debt sustainability targets and a strategy to reduce debt over the long term. The Province had aimed to address this by the *2022 Ontario Budget*. However, in the *2022 Ontario Budget*, the Province lowered the net-debt-to-GDP target to 42.0% without providing further details. The same target was maintained in the 2022 Fall Economic Statement.

The government, legislators and the public need to be mindful of Ontario's debt level and the relationship of net-debt-to-GDP.

The debt burden reduction strategy is required by the Act to include a progress report on supporting actions and the implementation of the debt burden reduction strategy included in the last budget. The *2022 Ontario Budget* did not clearly explain how the net-debt-to-GDP target of 42.0% was strategized to be a target, and the Province has not clearly demonstrated how debt will be managed (for example, by prioritizing investments, making trade-offs or delaying other investments).

Additionally, the Province has not formally documented, publicly communicated and implemented a long-term debt reduction strategy. In our report The Public Accounts of the Province of Ontario, which was included in our *2021 Annual Report*, we made a recommendation for the Province to implement a debt reduction strategy and provide additional information on how it sets its debt burden targets and details of how it will meet its objectives. We will be following up on this recommendation in the 2022/23 fiscal year.

13.7 Final Thoughts on Ontario's Debt Burden

Ultimately, decisions about how much debt the Province should carry, and the strategies to pay down that debt, are questions of government policy and thus the sole prerogative of the government.

Government debt has been described as a burden on future generations, especially debt used to finance annual operating deficits (in contrast to debt used to finance infrastructure, which is more likely to leave behind tangible capital assets that benefit future generations). In the *2019 Ontario Budget*, the government aimed to maintain the net-debt-to-GDP ratio at less than 40.8% until 2022/23. In the 2021 Ontario Budget, this was revised to maintain the ratio at less than 50.5% and in the *2022 Ontario Budget*, this was revised to less than 42.0%. As at March 31, 2022, the actual net-debt-to-GDP ratio was 39.2%. With annual deficits and net debt increases expected over the medium term, increasing interest rates, and the projected net-debt-to-GDP ratio at about 38.5% as the Province recovers from the COVID-19 pandemic, the government will need to consider how it will implement its debt burden reduction strategy going forward.

14.0 Delayed Tabling of the 2022 Budget and Estimates Limited Legislative Debate and Scrutiny

The annual budget outlines the government's policy priorities and fiscal direction by laying out the government's planned spending on the services it provides to citizens, and how it will fund the cost of providing these services. As such, the budget is a highly anticipated document released each year. Ministries outline their spending forecasts in the expenditure estimates, which form the basis for the budget and when approved by the Legislature through the passage of the Supply Act constitute the legal spending authority of the government. Oversight of the budget, including approval of the Estimates, is exercised by elected officials—Members of the Ontario Legislature—through review and debate. Scrutiny of proposed government spending, especially by Opposition members, provides oversight and encourages government's accountability for its fiscal decision-making.

14.1 End-of-April Tabling of 2022 Budget Limited the Legislature's Debate of the Budget

The *Fiscal Sustainability, Transparency and Accountability Act, 2019* (Act) requires our Office to review the estimates, forecasts and assumptions in the Province's Multi-Year Fiscal Plan within a budget prior to an election for reasonableness. We released a statement on May 2, 2022 describing the results of our work over the reasonableness of the Multi-Year Fiscal Plan within the *2022 Ontario Budget*. We concluded that the Multi-Year Fiscal Plan for the years ending March 31, 2023, 2024, and 2025 included in the 2022 budget were reasonable presentations of Ontario's finances, with the exception of an understatement of provincial revenue from corporate taxes for each of the three years. As well, contingency funds recorded in Other Program Expenses for the three-year period appeared to be overly cautious.

Our conclusions were based on our review of supporting documents prepared and used by the government to develop forecast estimates of revenues and expenses, which formed the basis of the budget. Our work was carried out under confidential information-sharing agreements between the Ministry of Finance and our Office, enabling us to plan, conduct and complete our work to table the results of our review with the Legislature before the Writs of Election were issued (on May 4, 2022) to start the election period.

This new approach was necessary due to a shortened period between the government issuing the *2022 Ontario Budget* on April 28, 2022 and the start of the election period. This shortened period resulted from the government's March 2022 amendment to the Act extending the deadline for issuing the *2022 Ontario Budget* from March 31 to April 30. Without the new approach, we would have had insufficient time to perform our work and issue our report prior to the start of the election period. We tabled our report titled Review of the Pre-Election 2022 Multi-Year Fiscal Plan on May 2, 2022.

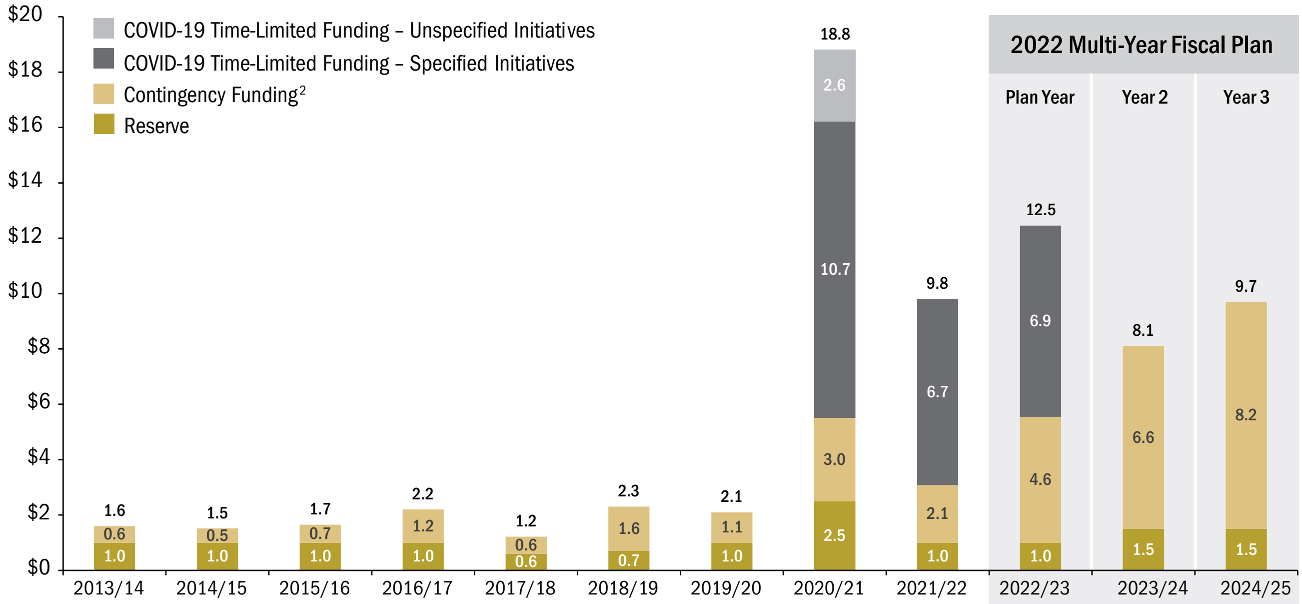
Because the budget was tabled on April 28, 2022, Members of the Legislature were not given time to debate the budget in the Legislature prior to the start of the election period. As well, Members of the Legislature were not given time to consider the content of our report before the election period. Historically, when pre-election budgets were released, their issuance allowed for at least a month of debate prior to the start of the election period. As well, our prior reports were issued at least a week in advance of the start of the election period.

14.2 Details of $4.6 Billion Contingency Funds Not Outlined in Budget and Estimates

Further limiting the ability of Members of the Legislature to exercise oversight over the government's fiscal plan is the significant use of contingency funds in the 2022 budget. In addition to the planned spending of $180.6 billion on specific programs, the government's budget forecasts also include contingency expenses, which are meant to offset the consequences of the budget's assumptions not being borne out. As seen in **Figure 12**, the 2022 budget included $4.6 billion in contingencies in 2022/23, representing 2.5% of total program expenses, which the government projected would increase to $8.2 billion (or 4.4% of total program expenses) in 2024/25. In total, $19.4 billion in contingency funds were included in the three-year budget. These contingencies are significantly larger than the annual contingency amounts set aside in previous Ontario budgets (on average about $1 billion during the five pre-pandemic fiscal years), and most were not earmarked for specific purposes: roughly 67% for the 2022/23 fiscal year, rising to 87% in 2024/25 (as at May 2, 2022 when our Review of the Pre-Election 2022 Multi-Year Fiscal Plan was issued). Our review noted that although it is prudent to incorporate some flexibility into the budget for contingencies, the amount included for the three-year period appeared to be overly cautious, meaning that overly large funds were set aside as provisions for potential increases in expenses. When expenses are overestimated, the perception can be that the government has less funds available for decision-making than can be reasonably expected. Other provinces showing

Figure 12: Contingency Funding, Reserve and COVID-19 Time-Limited Funding, 2013–2022, by Budget Plan Year[1] ($ billion)

Sources of data: *2013* to *2022 Ontario Budgets*



1. Refers to the first year of the Medium-Term Outlook in each budget. For example, the first year of the Medium-Term Outlook in the *2022 Ontario Budget* is the fiscal year ending March 31, 2023. The plan year in the *2013 Ontario Budget* is the fiscal year ending March 31, 2014. The Medium-Term Outlook is the Multi-Year Fiscal Plan.
2. Recorded in Other Program Expenses in the *2022 Ontario Budget*.

lesser provisions for uncertainty in their 2022 budgets include Quebec, Manitoba, Alberta and British Columbia (see **Figure 13**).

Ontario's *Fiscal Sustainability, Transparency and Accountability Act, 2019* requires the budget to include a reserve to protect against unexpected adverse changes in the Province's revenue and expenses due to adverse future events. As seen in **Figure 12**, for the 2021/22 and 2022/23 fiscal years, reserves were set at $1 billion, which is generally consistent with trends over the past 10 years. For the 2020/21 to 2022/23 fiscal years, Ontario's budgets also included additional pandemic funding ranging from $6.7 billion to $13.3 billion annually. This funding was time-limited in nature and intended to address the impacts of COVID-19 by funding such things as additional hospital beds, COVID-19 testing and vaccination. This COVID-19 funding is not forecast for the fiscal years beyond 2022/23 in the 2022 budget.

While unused portions of both the reserve and contingencies will contribute to an improvement in the Province's year-end surplus or deficit position, in Ontario the reserve fund's budgetary approval and use differ from those of contingencies.

Contingency funds are included in the budget as part of Other Program Expenses and not separately identified by individual ministries. The contingency funds are also not separately identified in individual ministries' Estimates—a summary document outlining ministries' detailed spending plans, subdivided by program area and spending activity—and represent the government's formal request to the Legislature for spending approval. Members of the Legislature debate and vote to approve the Main Estimates (Estimates) and any Supplementary Estimates. The completion of the debates and approval of the Estimates result in the President of the Treasury Board bringing in a Supply Bill. The Bill's passage and approval of the Supply Act is the step that completes the annual supply (including Estimates) process for a fiscal year and provides the legal spending authority for the government. Supplementary Estimates may be tabled to provide funds for expenditures that were not in the Main Estimates. The government must table its Estimates no later than

12 sessional days of the Legislature after the budget's release, during which time the budget can be debated.

Two factors limit the ability of members of the Legislature to exercise scrutiny over both the initial approval and subsequent use of contingency funds:

- **Lack of detail about contingency funds in the budget and Estimates:** Although programs which may ultimately use the contingency funds are operated by specific ministries that provide services such as health services, education and transportation, all contingency funds are included as a single sum in the Estimates of the Treasury Board Secretariat (Secretariat), the ministry that supports the government's Treasury Board/Management Board of Cabinet. When the Secretariat's Estimates are tabled for debate and voting in the Legislature, details regarding what programs are forecast to potentially require a portion of the contingencies are not provided, limiting the information on the contingencies' composition and purpose available for debate.
- **In-year use of contingency funds by ministries:** When requesting to use contingency funds for programs' operations, ministries only require approval from the Treasury Board, which centrally controls the contingency fund and whose appointed members are all government ministers. The Treasury Board assesses requests in the context of the government's fiscal plan and overall priorities and recommends to the government whether to provide the funds. In contrast, the use of the reserve requires debate and approval by elected members of the Legislature, including members of the Opposition, whose mandate is to question government actions and hold the government to account. This procedural difference allows the government to use funds which the government designated as contingencies with only the approval of members of the Treasury Board and without the scrutiny by all Members of the Legislature.

Figure 13: Budget Contingency Funds and Reserves across Canadian Provinces ($ billion)

Sources of data: 2022 budgets of Canadian provinces

	2022/23 Budgetary Forecast				2023/24 Budgetary Forecast				2024/25 Budgetary Forecast			
Province[1]	Base Programs[2]	Reserve	COVID-19 Fund	Contingencies	Base Programs[2]	Reserve	COVID-19 Fund	Contingencies	Base Programs[2]	Reserve	COVID-19 Fund	Contingencies
BC	70.0	1.0	2.0	2.8	70.0	1.0	1.0	3.4	70.8	1.0	-	4.0
AB	59.4	-	1.7	1.0	59.4	-	0.6	0.8	60.3	-	0.3	0.8
MB[3]	19.1	-	-	0.8	19.4	-	-	-	19.7	-	-	-
ON	185.2	1.0	6.9	4.6	184.8	1.5	-	6.6	188.1	1.5	-	8.2
QC[4]	130.1	2.5	2.4	-	132.3	1.5	0.5	-	135.2	1.5	-	-

1. Canada, Saskatchewan, New Brunswick, Newfoundland and Labrador, Nova Scotia and Prince Edward Island do not show reserves or contingencies in their 2022 budgets.
2. Includes contingencies and COVID-19 Time-Limited Funding, and excludes interest and reserves for all provinces.
3. Manitoba's contingencies include $200 million in Planning Contingencies and $630 million Enabling Appropriations in its 2022/23 budget.
4. Quebec's budget includes a debt-reduction deposit to its Generations Fund of $3.4 to $4.3 billion annually, which is not an expense.

14.3 Direction Not Provided to Committees of the Legislature Reviewing the Estimates under New Process

A change in the Standing Orders (i.e., the rules of the Legislature), effective August 2022, eliminated the Standing Committee on Estimates, which was the single legislative committee responsible for reviewing the Estimates. A new committee, the Standing Committee on Procedure and House Affairs, is now responsible for deciding at the beginning of each Parliament, or if necessary more frequently, which ministries' Estimates will be assigned to which of six Standing Committees (Finance and Economic Affairs; Heritage, Infrastructure and Cultural Policy; Interior; Justice Policy; Procedure and House Affairs; or Social Policy) for their consideration and potential review (see **Figure 14**).

In October 2022, members of the six Standing Committees selected to review the Estimates of 23 ministries for the 2022/23 fiscal year. In contrast, the previous Standing Committee on Estimates was required to review the Estimates of at least six (but not more than 12) ministries or government offices and for the 2021/22 fiscal year reviewed nine ministries. The Standing Committee on Estimates would request ministers and senior staff of those ministries selected for review to appear before the Committee to explain their Estimates and answer questions. Under both the old and new committee review processes, ministries' Estimates not selected for review are automatically deemed passed by the Committee. Ministries also continue to provide briefing materials such as explanations of programs, interim expenditures and growth rates to support their Estimates. However, it is now up to the six Standing Committees to independently determine how they will review the Estimates of the 23 ministries they have selected—i.e., decide the objectives and nature of their review, and how much time to dedicate to each ministry's review. In Quebec, up to 200 hours of overall debate of the Estimates in committees, with 20 hours maximum per ministry, are allowed. In Ontario, the only requirement applicable to the process of reviewing ministries' Estimates is that members from the Opposition parties on each Committee must first select a ministry to review from the group of ministries assigned to that Committee, and Committees review the Estimates of ministries in the order the ministries were selected. During the Legislative debate, through which the Standing Orders were amended, a maximum of 15- and 12-hour allocations for consideration of a ministry's Estimates were proposed but ultimately no limit was adopted.

The elimination of the Standing Committee on Estimates, which was originally established in 1989, could result in the elimination of the single review process the Committee had established over the years, with each new Committee reviewing ministries' Estimates differently. At the time of our report, the Standing Committee on Procedure and House Affairs has not developed guidance or direction for other Committees to follow concerning the methodology and content of their review of the Estimates, to ensure the reviews meet the Legislature's needs for consistent information on the Estimates.

RECOMMENDATION 7

To provide the Members of the Legislature with sufficient time and sufficiently detailed information to exercise oversight over the government's annual fiscal plan prior to an election, and to enable us to conduct our work as required under the *Fiscal Sustainability, Transparency and Accountability Act, 2019*, we recommend that the Ministry of Finance and the Treasury Board Secretariat work to:

- establish in legislation the minimum time period between the date of the government's tabling of the Annual Budget and then issuing the Writs of Election dissolving Parliament; and
- ensure that contingency funds and similar general expense provisions in the fiscal plan are presented in disaggregate form to specifically identify the purpose of individual component amounts.

Figure 14: Assignment of Ministries' Expenses to the Standing Committees of the Legislature for Potential Review of Estimates

Sources of data: Standing Committee on Procedure and House Affairs, 2021/22 Public Accounts, and 2022 Estimates

<table>
<tr><th rowspan="2">Standing Committee</th><th rowspan="2">Ministry Assigned[1]</th><th colspan="2">2021/22</th><th colspan="2">2022/23</th></tr>
<tr><th>Actual Ministry Expenses ($ million)</th><th>Estimates Selected for Review by Committee[2]</th><th>Budgeted Ministry Expenses ($ million)</th><th>Estimates Selected for Review by Committee[2]</th></tr>
<tr><td rowspan="7">Finance and Economic Affairs</td><td>Cabinet Office</td><td>39</td><td>–</td><td>43</td><td>Yes</td></tr>
<tr><td>Economic Development, Job Creation and Trade</td><td>991</td><td>–</td><td>942</td><td>Yes</td></tr>
<tr><td>Finance</td><td>1,782</td><td>–</td><td>1,705</td><td>Yes</td></tr>
<tr><td>Labour, Immigration, Training and Skills Development</td><td>1,922</td><td>–</td><td>1,805</td><td>Yes</td></tr>
<tr><td>Red Tape Reduction</td><td>n/a[3]</td><td>–</td><td>n/a[3]</td><td>–</td></tr>
<tr><td>Office of the Premier</td><td>2</td><td>–</td><td>2</td><td>Yes</td></tr>
<tr><td>Treasury Board Secretariat</td><td>2,872</td><td>–</td><td>6,475</td><td>Yes</td></tr>
<tr><td rowspan="6">Heritage, Infrastructure and Cultural Policy</td><td>Citizenship and Multiculturalism</td><td>n/a[3]</td><td>–</td><td>56</td><td>–</td></tr>
<tr><td>Infrastructure</td><td>1,041</td><td>Yes</td><td>2,122</td><td>Yes</td></tr>
<tr><td>Municipal Affairs and Housing</td><td>1,447</td><td>–</td><td>1,315</td><td>Yes</td></tr>
<tr><td>Tourism, Culture and Sport</td><td>1,922</td><td>–</td><td>1,888</td><td>Yes</td></tr>
<tr><td>Transportation</td><td>5,791</td><td>–</td><td>7,194</td><td>Yes</td></tr>
<tr><td>Office of the Lieutenant Governor</td><td>2</td><td>–</td><td>2</td><td>–</td></tr>
<tr><td rowspan="6">Interior</td><td>Agriculture, Food and Rural Affairs</td><td>674</td><td>Yes</td><td>818</td><td>Yes</td></tr>
<tr><td>Energy[5]</td><td rowspan="3">7,791</td><td rowspan="3">Yes</td><td>6,601</td><td>Yes</td></tr>
<tr><td>Mines</td><td rowspan="3">1,539</td><td rowspan="3">Yes</td></tr>
<tr><td>Northern Development</td></tr>
<tr><td>Natural Resources and Forestry[6]</td><td>859</td><td>Yes</td></tr>
<tr><td>Environment, Conservation and Parks</td><td>704</td><td>–</td><td>737</td><td>Yes</td></tr>
<tr><td rowspan="5">Justice Policy</td><td>Attorney General</td><td>1,874</td><td>–</td><td>1,836</td><td>Yes</td></tr>
<tr><td>Francophone Affairs</td><td>9</td><td>–</td><td>8</td><td>Yes</td></tr>
<tr><td>Indigenous Affairs</td><td>241</td><td>Yes</td><td>118</td><td>Yes</td></tr>
<tr><td>Public and Business Service Delivery</td><td>2,002</td><td>–</td><td>2,110</td><td>Yes</td></tr>
<tr><td>Solicitor General</td><td>3,165</td><td>–</td><td>3,516</td><td>Yes</td></tr>
<tr><td>Procedure and House Affairs</td><td>Legislative Affairs</td><td>n/a[3]</td><td>–</td><td>n/a[3]</td><td>–</td></tr>
<tr><td rowspan="7">Social Policy</td><td>Children, Community and Social Services</td><td>17,076</td><td>Yes</td><td>18,349</td><td>–</td></tr>
<tr><td>Colleges and Universities</td><td>10,610</td><td>–</td><td>10,783</td><td>Yes</td></tr>
<tr><td>Education</td><td>29,897</td><td>Yes</td><td>34,667</td><td>Yes</td></tr>
<tr><td>Health</td><td>73,380</td><td>Yes</td><td>73,168</td><td>Yes</td></tr>
<tr><td>Intergovernmental Affairs</td><td>n/a[3]</td><td>–</td><td>n/a[3]</td><td>–</td></tr>
<tr><td>Long-Term Care</td><td>2,350</td><td>Yes</td><td>6,751</td><td>Yes</td></tr>
<tr><td>Seniors and Accessibility</td><td>116</td><td>–</td><td>235</td><td>–</td></tr>
</table>

Standing Committee	Ministry Assigned[1]	2021/22 Actual Ministry Expenses ($ million)	2021/22 Estimates Selected for Review by Committee[2]	2022/23 Budgeted Ministry Expenses ($ million)	2022/23 Estimates Selected for Review by Committee[2]
n/a	Other Ministries[4]	14,452	–	13,863	–
	Total Expenses	**183,011**		**198,648**	

1. Ministry or Office of the Government.
2. In 2021/22, the Standing Committee on the Estimates selected the ministries whose Estimates would be reviewed, and in 2022/23, each of the six new Standing Committees of the Legislature individually selected one or more of their assigned ministries' Estimates to review.
3. Expenses were not reported for the 2021/22 fiscal year and/or forecasted for 2022/23.
4. Includes interest expense of $12,558 million in 2021/22 and $13,485 million in 2022/23.
5. In 2021/22 Energy, Mines and Northern Development expenses were reported together.
6. In the *2022 Ontario Budget*, Mines and Northern Development were included with Natural Resources and Forestry.

MINISTRY OF FINANCE AND TREASURY BOARD SECRETARIAT RESPONSE

According to the *Fiscal Sustainability, Transparency and Accountability Act, 2019*, the legislated deadline to release a budget continues to be March 31 of each fiscal year prior to a fixed election date. The Ministry of Finance has no plans to bring forward timing changes with respect to the tabling of the budget.

Given the contingent nature of the funding, it is not possible to consistently present disaggregated amounts prior to the funding being allocated through Treasury Board Orders (TBOs). The contingency fund is held centrally within the Treasury Board Secretariat to manage unknown and uncertain future risks. These include future items that are unknown at the time of the budget, future items that are uncertain in terms of their timing or actual costs, and items that may be commercially sensitive/confidential, including future negotiations where premature disclosure of financial amounts could result in potential financial harm to the government or other entities. The government provides transparency in reporting on how the contingency funds are drawn down through its quarterly reporting process including the Fall Economic Statement. In addition, under the Standing Orders of the Legislative Assembly of Ontario, the government is required to publish all TBOs in *The Ontario Gazette*, providing further details on the use of contingency fund.

RECOMMENDATION 8

To strengthen accountability, we recommend that the Clerk of the Legislative Assembly work with the Standing Committee on Procedures and House Affairs to establish a process for the consideration and review of the Estimates that includes direction on the review's methodology and components as well as the responsibilities of other Committees of the Legislature.

CLERK OF THE LEGISLATIVE ASSEMBLY RESPONSE

Near the end of the 42nd Parliament, on March 9, 2022, the Assembly adopted several new Standing Orders, including among them a series of changes to the way that Estimates would be considered by various committees, instead of only by a single Standing Committee on Estimates, which the Auditor General discusses in **Section 14.3** above. These specific changes were deemed to have come into force upon dissolution of the 42nd Parliament, such that they first had effect in the current, 43rd Parliament, which began on August 8, 2022.

It is worth noting that the Assembly's scrutiny of Estimates by a single dedicated Standing Committee on Estimates was discussed by the Financial Accountability Officer in his 2016–17 Annual Report, when he suggested that "MPPs may wish to consider whether, as in other provincial legislative assemblies and the House of Commons, the responsibility for scrutinizing the estimates might be shared among multiple standing committees."

When the Assembly concludes the fall 2022 sessional period on December 8, 2002, there will have been only 41 sessional days in the new Parliament, a relatively short time during which many of the new rules have been in place, and therefore representing a limited period during which the Assembly will have experienced their operation and been able to conclude as to their effectiveness.

It is therefore premature to draw firm conclusions about the new Standing Orders pertaining to Estimates procedures, especially since the current fiscal year was bisected by a general election, which interrupted and truncated the normal annual financial cycle.

I fully accept the Auditor General's recommendation, however, and will be pleased to make myself and my office fully available to the Standing Committee on Procedure and House Affairs whenever it might choose to review the Assembly's Estimates procedures.

15.0 Canadian Public Sector Accounting Updates

Canadian Public Sector Accounting Standards (PSAS) continue to be the most appropriate standards for the Province to use in preparing its consolidated financial statements. Following Canadian PSAS ensures that information provided by the government about the annual deficit or surplus is fair, consistent and comparable to previous years, allowing legislators and the public to assess the government's management and stewardship of the public purse. Ontario's provincial budget is also prepared on the same basis as its consolidated financial statements.

However, in some cases, the Public Sector Accounting Board (PSAB) faces challenges in reaching a consensus among its various stakeholders, including financial statement preparers and auditors, on what emerging accounting standards are most appropriate to use for the public sector.

We discuss two significant accounting issues that, in our view, have posed a challenge to PSAB over the past year: the use of financial instruments in the public sector and accounting for employment benefits. PSAB's final standard-setting determination will affect the way the Province accounts for these items, and will have a significant impact on the Province's reported financial results.

15.1 Significant Upcoming Accounting Standards

15.1.1 Financial Instruments

Financial instruments include provincial debt and derivatives such as currency swaps and foreign-exchange forward contracts. In 2005, PSAB began a project to develop a new standard for reporting financial instruments, with a key issue being whether changes in the fair value of derivative contracts held by governments should be reflected in their financial statements and, in particular, whether such changes should affect a government's annual deficit or surplus.

In March 2011, PSAB approved a new public-sector accounting standard on financial instruments that was slated to become effective for the fiscal periods beginning on or after April 1, 2015. The new standard provides guidance on the treatment of financial instruments held by a government and is similar to financial-instruments accounting standards used in the Canadian private sector.

One of the new standard's main requirements is for certain financial instruments, including derivatives, to be recorded at fair value, with any unrealized gains or losses on these instruments recorded annually in a new financial statement called the statement of remeasurement gains and losses.

Some financial statement preparers in Canadian jurisdictions do not support the introduction of these fair-value remeasurements and the recognition of unrealized gains and losses. For example, Ontario has expressed the view that it uses derivatives solely to manage foreign currency and interest-rate risks related to its long-term-debt holdings, and that it has both the intention and ability to hold these derivatives until the debts associated with them mature. Accordingly, remeasurement gains and losses on the derivatives and their underlying debt would offset each other over the total period that such derivatives are held, and therefore would have no real economic impact on the government.

Ontario financial statement preparers state that recording non-cash gains and losses each year would force the Province to inappropriately report the same volatility in the annual surplus/deficit that the derivatives are being used to manage. This, in their view, would not reflect the economic substance of government financing transactions, and would not provide the public with transparent information on government finances.

In response to such concerns from financial statement preparers, PSAB committed to reviewing the new financial-instruments standard by December 2013. PSAB completed its review of Section PS 2601, *Foreign Currency Translation*, and Section PS 3450, *Financial Instruments*, and in February 2014 confirmed the soundness of the principles underlying the new standard.

PSAB deferred the effective date for Sections PS 2601 and PS 3450 to fiscal years beginning on or after April 1, 2016. However, in 2015, PSAB extended the effective date for the new financial-instruments standard to April 1, 2019 for senior governments to allow for further study of reporting options for these complex financial instruments. In 2018, PSAB again extended the effective date for the new standard to April 1, 2021 (updated to April 1, 2022 in June 2020).

Since February 2016, PSAB staff have been consulting with government and not-for-profit stakeholders on implementation issues of the financial-instruments standard. Below, we summarize PSAB's deliberation of these issues and the narrow-scope amendments it has proposed, and since implemented, to PS 3450, *Financial Instruments*.

Federal Government Narrow-Scope Amendments

In January 2020, PSAB released an exposure draft that proposed amendments to PS 3450, *Financial Instruments*. As per the exposure draft, the main feature of these amendments was "to permit special presentation of foreign exchange gains and losses resulting from transactions intended to sustain foreign exchange reserves and orderly conditions in the foreign exchange market for the Canadian dollar or to aid foreign countries."

PS 2601, *Foreign Currency Translation* contained an important hedge accounting exemption that was proposed to be extended into PS 3450, Financial Instruments. In essence, this exemption allowed the federal government to use a form of hedge accounting for derivatives it uses to manage its foreign exchange exposure from activities it is legislated to undertake under the federal *Currency Act*.

Provincial financial statement preparers argue that by grandfathering and extending the federal exemption to PS 3450, *Financial Instruments* through the proposed narrow-scope amendments, what was once a practical expedient under an existing accounting practice (that is, foreign exchange hedges) has evolved into a hedge accounting option that is exclusive to federal government financial statement preparers. This, in their view, is unfair as it provides an exemption that synthetically allows one stakeholder (i.e., the federal government) to achieve an accounting result that is unavailable to other PSAB stakeholders (e.g., provincial governments, municipalities, broader-public-sector entities).

PSAB issued the final amendments for this narrow-scope amendment in the Public Sector Accounting (PSA) Handbook in October 2020.

Foreign Exchange Narrow-Scope Amendments

In response to comments received on the January 2020 exposure draft, in July 2020, PSAB released an exposure draft for comment containing amendments to Section PS 1201, *Financial Statement Presentation*; PS 2601, *Foreign Currency Translation*; and PS 3450, *Financial Instruments*. The amendments allow all public-sector entities to make an accounting policy election to recognize exchange gains and losses directly in their statement of operations.

PSAB issued the final amendments for this narrow-scope amendment in the PSA Handbook in April 2021.

Presentation of Narrow-Scope Amendments

In response to concerns raised by certain stakeholders surrounding the increased volatility in net debt because of the requirement to record derivatives at fair value, PSAB released an exposure draft for comment containing amendments to PS 1201, *Financial Statement Presentation*.

To assist users in identifying the fair value impact of derivatives in relation to other changes in net debt, PSAB proposed to clarify that the remeasurement impact of derivatives may be presented as a separate line item on the statement of changes in net debt, along with other minor clarifications.

Some provincial financial statement preparers have disagreed with the proposed amendments on the basis that they do not believe they minimize or resolve the volatility in net debt. In addition, some stakeholders noted that the amendments did not address their concerns regarding the lack of an appropriate hedge accounting option, which could be used to reduce or mitigate the volatility in net debt.

PSAB issued the final amendments for this narrow-scope amendment in the PSA Handbook in April 2021. In its Basis for Conclusions, PSAB noted that the intent of these amendments was not to remove the requirement to fair value derivatives, but to illustrate how public-sector entities could more clearly present these impacts while maintaining a fair value measurement model.

We will continue to monitor the development of standards impacting the measurement and presentation of financial instruments.

15.1.2 Employee Benefits

In July 2021, PSAB released its first exposure draft for comment in which it proposes to issue a new standard, PS 3251, *Employee Benefits*, that would replace the existing Sections PS 3250, *Retirement Benefits* and PS 3255, *Post-employment, Compensated Absences and Termination Benefits*. This exposure draft outlines the proposed principles for the first of several phases of PSAB's revised employee benefits standard. If approved, the new standard would become effective for the fiscal years beginning on or after April 1, 2026, and would require retroactive application.

In this first release, PSAB focused its efforts on the topics of deferral provisions and discount rates guidance, which we discuss below.

Use of Deferral Provisions for Actuarial Gains and Losses

The new standard, PS 3251, accounts for actuarial gains and losses differently from the existing Sections PS 3250 and PS 3255 in that these amounts will no longer follow a deferral and amortization approach. Instead, revaluations of the net defined benefit liability (asset), which include actuarial gains and losses, are recognized immediately on the statement of financial position within the asset and "accumulated other"—a new component of net assets (liabilities) proposed by PSAB in its exposure draft for PS 1202, *Financial Statement Presentation*. For greater clarity, revaluations of the asset are not reclassified to the surplus or deficit in subsequent periods.

This immediate recognition of actuarial gains and losses would have a significant impact on the Province's consolidated financial statements. As at March 31, 2022, the Province reported about $14.1 billion of unrecognized net actuarial gains related to its employee pension plans and other employee future benefits. Under the proposed standard, the Province would recognize this entire amount as a decrease in liabilities and accumulated deficit within its consolidated statement of financial position. In addition, the Province would no longer defer and amortize actuarial gains and losses in its consolidated statement of operations.

While we support the immediate recognition of actuarial gains and losses on the statement of financial position, we do not agree with the use of the proposed "accumulated other" category to record the revaluations of net defined benefit liabilities (assets). By using this approach, revaluations will not be reported in the statement of operations and are not reclassified from “accumulated other” to the surplus or deficit in subsequent periods. In other words, this allows public-sector entities to bypass the annual surplus or deficit by directly recognizing gains and losses in net assets or liabilities. In our view, this presentation compromises the transparency and faithful representation of an entity’s annual financial performance.

Discount Rate Guidance

In its exposure draft, PSAB proposes that a public-sector entity would assess the funding status of a post-employment benefit plan to determine the appropriate discount rate. Under the proposed standard, plans fall under one of three funding statuses: fully funded, partially funded, or unfunded.

Public-sector entities would use a discount rate based on the expected market-based return on plan assets for fully funded plans (i.e., where the balance of plan assets is actuarially projected to be greater than or equal to the benefit payments expected to fulfil the obligations for all subsequent reporting periods). In contrast, the rate used to discount unfunded plans are determined by reference to the market yields of provincial government bonds. This proposed discount rate guidance is consistent with the Province’s existing practices of discounting its funded and unfunded post-employment benefit plans.

With respect to partially funded plans, public-sector entities would use a single discount rate that reflects both a fully funded rate—for years where the balance of plan assets is projected to be sufficient to cover projected benefit payments—and an unfunded rate for all other periods beyond the funded period. This proposed approach adds complexity and requires professional judgment in determining what rate to use.

As we stated in our response to PSAB’s exposure draft on discount rate guidance, we believe that the market yield of high-quality debt instruments is the most appropriate basis for determining the discount rate. The market yield is based on verifiable, observable third-party data, effectively reducing subjectivity and facilitating comparability among public-sector entities’ post-employment benefit plans. With that being said, we are generally supportive of PSAB providing additional discount rate guidance to reduce the variability in practice.

PSAB is currently deliberating the feedback it received on its first Employee Benefits exposure draft. We will continue to monitor the development of standards impacting the accounting for employment benefits.

15.2 Upcoming Changes to Accounting Standards

15.2.1 Financial Instruments

Section PS 3450, *Financial Instruments* provides guidance on the recognition, measurement, presentation and disclosure of financial instruments, including derivatives.

The new standard introduces the requirement to measure all financial instruments in one of two categories:

- fair value; or
- cost or amortized cost.

Under Section PS 3450, investments in equity instruments that are quoted in an active market and derivatives are measured at fair value.

A narrow-scope amendment was made to this standard to clarify that bond repurchase transactions are not treated as an extinguishment unless the bond is legally discharged, or is exchanged for a bond with significantly different terms.

This standard was originally approved by PSAB for the fiscal years beginning on or after April 1, 2015. The effective date has since been extended multiple times and is now effective for the fiscal years beginning on or after April 1, 2022.

15.2.2 Financial Statement Presentation

Section PS 1201 replaces the existing Section PS 1200, *Financial Statement Presentation*. Section PS 1201 introduces the statement of remeasurement for gains and losses. Remeasurement gains and losses arise from:

- exchange gains and losses on items in the amortized cost category denominated in a foreign currency; and
- unrealized gains and losses on financial instruments that are measured at fair value.

The accumulated remeasurement gains or losses at the end of the period are reported in the statement of financial position as a separate component of accumulated surplus or deficit.

This standard was originally approved by PSAB for the fiscal years beginning on or after April 1, 2015. The effective date for senior governments has since been extended multiple times and is now effective for the fiscal years beginning on or after April 1, 2022. This section was adopted at the same time as PS 3450, *Financial Instruments* and PS 2601, *Foreign Currency Translation* (see **Section 15.1.1** for a discussion of these sections).

15.2.3 Foreign Currency Translation

Section PS 2601 replaces the guidance in Section PS 2600, *Foreign Currency Translation*. Under Section PS 2601, exchange gains and losses arising on monetary assets and liabilities prior to settlement are recorded in the statement of remeasurement gains and losses. Once the foreign currency denominated item is settled, the cumulative amount of unrealized foreign exchange gain or losses previously recognized is reclassified to the statement of operations.

The introduction of Section PS 2601 eliminates the practice of deferring unrealized gains and losses arising from foreign currency translation and the previous guidance on hedge accounting of foreign currencies.

A narrow-scope amendment was made to the standard that permits public-sector entities to make an irrevocable election upon initial recognition of a financial asset or financial liability arising from a foreign currency transaction. The election would allow public-sector entities to recognize any related unrealized foreign exchange gains or losses directly in their statement of operations.

This standard was originally approved by PSAB for the fiscal years beginning on or after April 1, 2015. The effective date has since been extended multiple times and is now effective for the fiscal years beginning on or after April 1, 2022.

15.2.4 Portfolio Investments

Section PS 3041, *Portfolio Investments*, replaces Section PS 3040, *Temporary Investments*. PS 3041 states that portfolio investments are measured in accordance with PS 3450, *Financial Instruments* unless they have concessionary terms such as little or no return on the government investment. Losses in the value of a portfolio investment that are not a temporary decline should be recognized and recorded in the statement of operations.

This standard was originally approved by PSAB for the fiscal years beginning on or after April 1, 2015. The effective date for senior governments has since been extended multiple times and is now effective for the fiscal years beginning on or after April 1, 2022. This section was adopted at the same time as PS 1201, *Financial Statement Presentation*; PS 3450, *Financial Instruments*; and PS 2601, *Foreign Currency Translation*.

15.2.5 Asset Retirement Obligations

In March 2018, PSAB approved a new standard that addresses the reporting of legal obligations associated with the permanent removal of tangible capital assets from service. The new standard, PS 3280, *Asset Retirement Obligations*, addresses tangible capital assets currently in productive use, such as the decommissioning of a nuclear reactor, as well as tangible capital assets no longer in productive use, such as solid-waste landfill sites.

The new standard is effective for the fiscal years beginning on or after April 1, 2022, although earlier adoption is permitted. The new section requires that a retirement obligation be recognized when:

- there is a legal obligation to permanently remove retirement costs related to a tangible capital asset from service. Legal obligations can arise from legislation, contracts and promissory estoppel;

- the past transaction giving rise to the liability, such as acquisition, construction, development or normal use, has already occurred;
- there is an expectation that future economic benefits will be given up; and
- a reasonable estimate can be made. The estimate of the liability includes costs directly attributable to the retirement activities, including post-retirement operation, maintenance and monitoring. A present-value technique is often the best method with which to estimate the liability.

Upon recognition of the liability, a public-sector entity would increase the carrying amount of the related tangible capital asset by an equal amount. The cost included in the carrying amount of the tangible capital asset should be allocated as an expense in a rational and systematic manner. This could include amortization over the remaining useful life of the related tangible capital asset, or a component thereof.

If the related asset is no longer in productive use, or if the related asset is not recognized for accounting purposes, the related retirement costs would be recorded as an expense.

The Office of the Provincial Controller Division is working with our Office, ministries, and governmental agencies to adopt the new standard for the Province's consolidated financial statements beginning on April 1, 2022.

15.2.6 Revenue

In June 2018, PSAB approved a new standard on the recognition, measurement and presentation of revenues. The new standard, PS 3400, *Revenue*, addresses revenues that arise in the public sector but fall outside the scope of PS 3410, *Government Transfers* and PS 3510, *Tax Revenues*. Specifically, the standard differentiates between revenue arising from transactions with a payor that include performance obligations ("exchange transactions") and those that do not ("non-exchange transactions").

PS 3400, *Revenue* is effective for the fiscal years beginning on or after April 1, 2023, although earlier adoption is permitted. Upon adoption, the Province has the option of applying this standard retroactively or prospectively.

Revenues from exchange transactions are recognized as or when a public-sector entity satisfies a performance obligation by providing promised goods or services to a payor. Performance obligations may be satisfied at a point in time or over a period of time, depending on which method best depicts the transfer of goods or services to the payor. Examples of exchange transactions include driver and vehicle registration fees which will be affected by the new standard.

Revenues from non-exchange transactions, such as fines or penalties, are recognized when a public-sector entity has the authority to claim or retain an inflow of economic resources or an event that gives rise to an asset. For example, in the case of a parking ticket, the date of an alleged infraction may not necessarily be the past event because the fine or penalty may not be enforceable at that time.

The Office of the Provincial Controller Division is working with our Office, ministries, and governmental agencies to adopt the new standard for the Province's consolidated financial statements beginning on April 1, 2023.

15.2.7 Purchased Intangible Assets

In September 2020, PSAB approved a new guideline on the recognition of purchased intangibles acquired through an exchange transaction. The new guideline, Public Sector Guideline 8, *Purchased Intangibles*, was approved in conjunction with narrow-scope amendments to PS 1000, *Financial Statement Concepts,* which removed the recognition prohibition on purchased intangibles.

The recognition of purchased intangibles will be a significant change for the public sector, and likely result in an increase in the Province's total reported assets and annual amortization expense.

The Office of the Provincial Controller Division is working with our Office, ministries, and governmental agencies to adopt the new guideline for the Province's consolidated financial statements beginning on April 1, 2023.

15.2.8 Public-Private Partnerships

In our *2019* and *2020 Annual Reports*, we discussed public-private partnerships (P3), an alternative finance and procurement model for infrastructure projects that allows public-sector entities to transfer project risks to private-sector entities. Under the P3 model, project sponsors in the public sector—such as provincial ministries, agencies, or broader-public-sector entities such as hospitals and colleges—establish the scope and purpose of the project, while the project's construction is financed and carried out by the private sector. Payments for most projects are made either when the projects are substantially completed or at regular agreed-upon intervals. In some cases, the private sector will also be responsible for the maintenance and/or operation of a project for up to 30 years after its completion.

PSAB approved a new standard, PS 3160, *Public Private Partnerships*, in December 2020 that provides guidance on the recognition, measurement, presentation and disclosure of P3s. The standard is effective for the fiscal years beginning on or after April 1, 2023.

Under the new standard, a public-sector entity recognizes an infrastructure asset when the public-sector entity controls the purpose and use of the infrastructure, access to the future economic benefits and risks of the infrastructure, and any significant residual interest in the infrastructure. Upon recognition of an infrastructure asset, a liability is recognized equal to that asset, less any amounts previously paid to the private-sector partner.

The Office of the Provincial Controller Division is currently in the process of assessing what impact the new standard may have on the Province's existing accounting policy for P3s. Currently, similar to the new standard, the Province recognizes assets procured through P3s as tangible capital assets, and the related obligations as other long-term financing liabilities in its consolidated financial statements.

15.2.9 Use of Rate-Regulated Accounting in Government Business Enterprises

In our *2019 Annual Report*, we discussed rate-regulated accounting, which was developed to recognize the unique nature of entities, such as electric utilities, whose rates are regulated by an independent regulator under most regulatory frameworks.

In January 2021, the International Accounting Standards Board (IASB) released an exposure draft for comment that outlines the new proposed accounting standard for regulatory assets and liabilities. This new standard would replace IFRS 14, *Regulatory Deferral Accounts*, which essentially permits some entities to continue to account for "regulatory deferral accounts," with certain exceptions, in accordance with their previous accounting framework such as US Generally Accepted Accounting Principles (US GAAP).

Until the final standard is issued, it is uncertain what financial impact the differences between the eventual standard and US GAAP will have on the accounting for regulatory assets and liabilities reported by the Province's government business enterprises, such as Ontario Power Generation and Hydro One.

At the time of this report, the IASB was redeliberating the proposals in the exposure draft.

We will continue to monitor the development of standards impacting the use of rate-regulated accounting in government business enterprises.

15.3 Public-Sector Accounting Board Initiatives

This section outlines some additional items that PSAB has been studying over the past year that might affect the preparation of the Province's consolidated financial statements in the future.

15.3.1 Concepts Underlying Financial Performance

PSAB's conceptual framework is a set of interrelated objectives and fundamental principles that support the development of consistent accounting standards. Its purpose is to instill discipline into the standard-setting process to ensure that accounting standards are developed in an objective, credible and consistent manner that serves the public interest.

In 2011, PSAB formed the Conceptual Framework Task Force in response to concerns raised by several governments regarding current and proposed standards that they contend cause volatility in reported results and distort budget-to-actual comparisons. The task force's objective was to review the appropriateness of the concepts and principles in the existing conceptual framework for the public sector.

In the first part of the consultation process, the task force issued three consultation papers: Characteristics of Public Sector Entities (2011), Measuring Financial Performance in Public Sector Financial Statements (2012) and Conceptual Framework Fundamentals and the Reporting Model (2015).

In May 2018, the task force issued two additional documents for comment: Statement of Concept – A Revised Conceptual Framework for the Canadian Public Sector, and Statement of Principles – A Revised Reporting Model for the Canadian Public Sector.

In January 2021, PSAB issued two exposure drafts, together with supporting material, that proposed a revised conceptual framework and changes to the current financial statement presentation. Key proposals include:

- the statement of financial position would present total assets, followed by total liabilities, to arrive at the net assets/net liabilities total;
- liabilities would be split into two categories: financial and non-financial;
- the net debt indicator would be relocated from the statement of financial position to its own statement, the statement of net assets;
- a new component of the net assets/net liabilities total, called "accumulated other," would be introduced; and
- a statement of changes in net assets/net liabilities would be introduced to report any remeasurement gains and losses and to show changes in the new "accumulated other" category.

In June 2022, PSAB approved the Conceptual Framework for Financial Reporting in the Public Sector (Conceptual Framework). Key proposals in the exposure draft were retained, but changes were made to add clarity or improve concepts based on stakeholder feedback. Notable amendments include:

- adding the potential interrelationships among public-sector entities to fulfil the obligation to serve the public as part of the characteristics of public-sector entities in Chapter 2;
- recognizing the United Nations Declaration of the Rights of Indigenous Peoples in Chapter 3;
- ensuring consistency between the paragraphs regarding control in Chapter 5 and PS 1300, *Government Reporting Entity*;
- removing references to "legislative accounting" in Chapter 10; and
- delaying the Conceptual Framework's effective date to match the date of the proposed PS 1202, *Financial Statement Presentation* standard.

The Conceptual Framework will be effective for the fiscal years beginning on or after April 1, 2026, with earlier adoption encouraged. PSAB intends to issue the new Conceptual Framework and related consequential amendments in the Public Sector Accounting Handbook in December 2022.

PSAB is still deliberating the feedback on its two exposure drafts related to the revised reporting mode; proposed Section PS 1202, *Financial Statement Presentation*; and consequential amendments arising from the adoption of that standard.

16.0 Statutory Matters

Under section 12 of the *Auditor General Act*, the Auditor General is required to report on any Special Warrants and Treasury Board Orders issued during the year. In addition, section 91 of the *Legislative Assembly Act* requires that the Auditor General report on any transfers of money between items within the same vote in the Estimates of the Office of the Assembly.

16.1 Legislative Approval of Expenditures

Shortly after presenting its budget—which must be tabled by March 31 (the Province passed legislation to delay the tabling of the 2022 budget to April 30 because it would not be meeting the deadline included in the *Fiscal Sustainability, Transparency and Accountability Act, 2019* as described in **Section 4.0** of this report)—the government tables detailed Expenditure Estimates (referred to as Main Estimates). Typically, the Main Estimates are tabled in the Legislative Assembly in April or May after the budget is tabled, outlining on a program-by-program basis (referred to as Vote and Item) each ministry's planned spending. In 2022, the Estimates were tabled after the election in September 2022. The government tabled its 2022 budget on the last sessional day before Parliament was dissolved for the June 2022 election.

Historically, the Standing Committee on Estimates (Committee) reviewed selected ministry estimates and presented a report on this review to the Legislature. Following the Committee's report, Orders for Concurrence for each of the estimates selected by the Committee were debated in the Legislature for a maximum of two hours before being voted on. The estimates of those ministries that were not selected were deemed to be passed by the Committee, reported to the Legislature, and approved by the Legislature.

As described in **Section 14.3**, a change in the Standing Orders (i.e., the rules of the Legislature) eliminated the Standing Committee on Estimates. A new committee, the Standing Committee on Procedure and House Affairs, is now responsible for deciding at the beginning of each Parliament, or if necessary more frequently, which ministries' Estimates will be assigned to which of six Committees (Finance and Economic Affairs; Heritage, Infrastructure and Cultural Policy; Interior; Justice Policy; Procedure and House Affairs; or Social Policy) for their consideration and potential review (see **Figure 14**). Going forward, this change will apply beginning with the 2022/23 fiscal year.

Subsequent to the Estimates being tabled for the ministries, the Main Estimates for the Legislative Offices are tabled (which generally occurs in the months of November and December, but can take place up to March of the following year).

After the Orders for Concurrence are approved, the Legislature still needs to provide its final approval for legal spending authority by approving a Supply Act, which stipulates the amounts that can be spent by ministries and legislative offices, as detailed in the estimates. Once the Supply Act is approved, the expenditures it authorizes are considered to be Voted Appropriations. The *Supply Act, 2022*, which pertained to the fiscal year ended March 31, 2022, received Royal Assent on March 21, 2022.

Since the Supply Act does not receive Royal Assent until after the start of the fiscal year—and sometimes even after the related fiscal year is over—the government usually requires interim spending authority prior to its passage. For the 2021/22 fiscal year, the Legislature passed two acts allowing interim appropriations: the *Interim Appropriation for 2021–2022 Act, 2020* (Interim Act), and the *Supplementary Interim Appropriation for 2021–2022 Act, 2021* (Supplementary Act). These two acts received Royal Assent on December 8, 2020, and December 9, 2021, respectively. Both acts were made effective as of April 1, 2021, and provided the government with sufficient authority to allow it to incur expenditures from April 1, 2021 to when the *Supply Act, 2022* received Royal Assent on March 21, 2022.

Figure 15 shows the timelines for the Legislative approvals for the 2021/22 Expenditures.

Figure 16 shows the total amounts authorized.

Because the legal spending authority under the Interim Act and the Supplementary Act was intended to be temporary, both were repealed when the *Supply Act, 2022* received Royal Assent. The *Supply Act, 2022* increased authorized public-service expenditures from $164.8 billion to $168.1 billion, increased total authorized public-service investments from $5.2 billion to $5.3 billion, and decreased total authorized expenditures of the legislative offices from $286.6 million to $284.4 million.

Where it is necessary to seek the Legislature's approval for additional expenditures after the tabling of the Main Estimates, Supplementary Estimates may be tabled. In 2021/22, the Treasury Board approved Supplementary Estimates on November 4, 2021, November 30, 2021, and March 3, 2022. A total amount of $6.4 billion was approved to provide funding to various ministries, out of which $2.1 billion was expended by the ministries for the Votes and Items the

Figure 15: Timeline for the Legislative Approvals for the 2021/22 Expenditures

Prepared by the Office of the Auditor General of Ontario

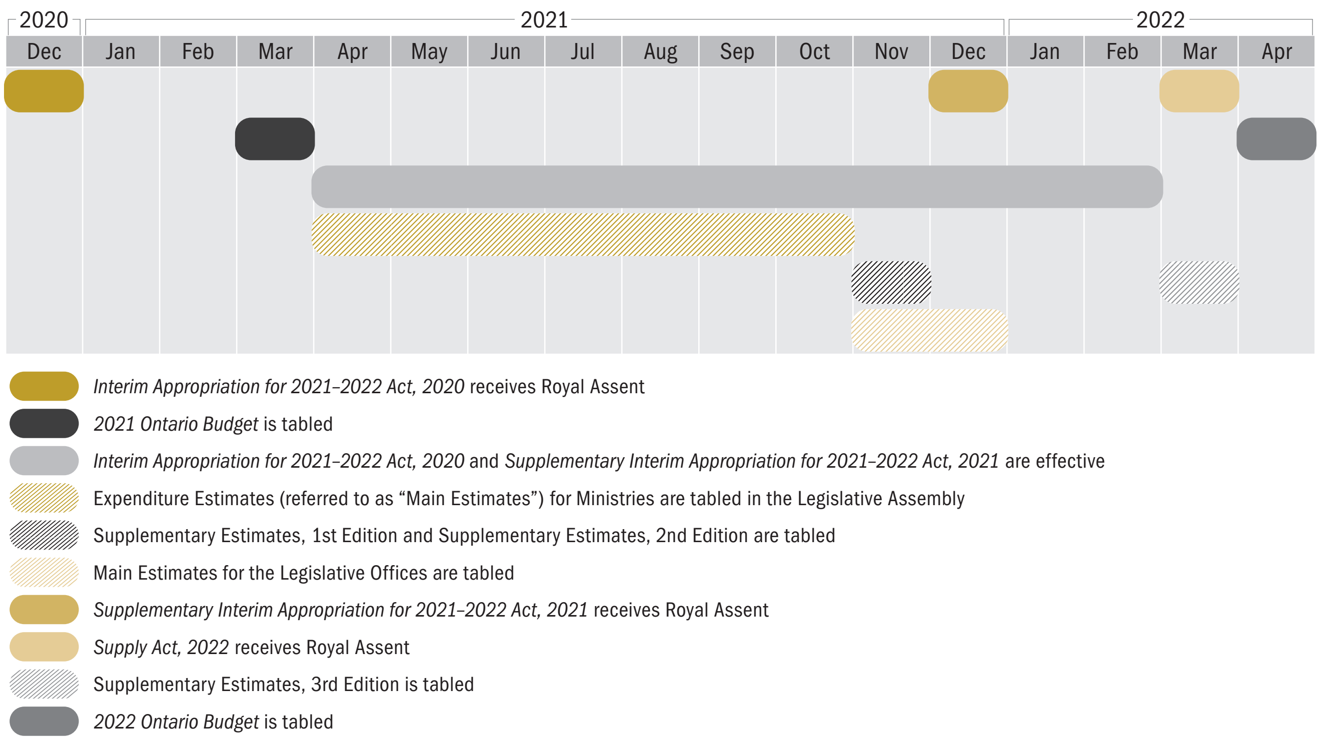


Figure 16: Total Amounts Authorized by Appropriation and the *Supply Act, 2022* for 2021/22 ($ million)

Sources of data: *Interim Appropriation for 2021–2022 Act, 2020*; *Supplementary Interim Appropriation for 2021–2022 Act, 2021*; and *Supply Act, 2022*

Appropriation Type	*Interim Appropriation for 2021–2022 Act, 2020*	*Supplementary Interim Appropriation for 2021–2022 Act, 2021*	Total Appropriation*	*Supply Act, 2022*
Expenses of the Public Service	158,060	6,738	164,798	168,100
Investments of the Public Service	5,084	156	5,239	5,320
Expenses of the Legislative Offices	287	–	287	284
Total	**163,431**	**6,894**	**170,324**	**173,704**

* Amounts may not add due to rounding.

Supplementary Estimates were approved for. **Figure 17** summarizes the total value of Supplementary Estimates issued and expended for the fiscal year ended March 31, 2022. The sum of $4.1 billion of unexpended Supplementary Estimates was reallocated to other Votes and Items and to other ministries through Treasury Board Orders. Approved by the Legislature in the Supply Act, the Main and Supplementary Estimates become the legal spending authority for each ministry.

16.2 Special Warrants

If the Legislature is not in session, section 1.0.7 of the *Financial Administration Act* allows for the issuance of Special Warrants that authorize expenditures for which there is no appropriation by the Legislature or for which the appropriation is insufficient. Special Warrants are authorized by Orders-in-Council and approved by the Lieutenant Governor in Council on the recommendation of the government. No Special

Figure 17: Total Value of Supplementary Estimates Authorized and Expended for Fiscal Year 2021/22 ($ million)

Source of data: Treasury Board

Ministry	Authorized	Expended
Operating Expense Appropriations:		
Finance	2,700	–
Health	2,202	1,187
Treasury Board Secretariat	120	–
Total	**5,022**	**1,187**
Capital Expense Appropriations:		
Transportation	1,100	796
Treasury Board Secretariat	200	–
Total	**1,300**	**796**
Capital Asset Appropriations:		
Transportation	81	81
Total	**81**	**81**
Total	**6,403**	**2,064**

Warrants were issued for the fiscal year ended March 31, 2022.

16.3 Treasury Board Orders

Section 1.0.8 of the *Financial Administration Act* allows the Treasury Board to make an order authorizing expenditures to supplement the amount of any voted appropriation that is expected to be insufficient to carry out the purpose for which it was made. The order may be made only if the amount of the increase is offset by a corresponding reduction of expenditures to be incurred from other voted appropriations not fully spent in the fiscal year. The order may be made at any time before the government closes the books for the fiscal year. The government considers the books to be closed when any final adjustments arising from our audit have been made and the Public Accounts have been published and tabled in the Legislature.

Even though the *Treasury Board Act, 1991* was repealed in 2009, a provision equivalent to subsection 5(4) was retained and enacted as subsection 1.0.4(5) of the *Financial Administration Act* in 2009. This provision allows the Treasury Board to delegate any of its duties or functions to any member of the Executive Council or to any public servant employed under the *Public Service of Ontario Act, 2006*. Such delegations continue to be in effect until replaced by a new delegation. Since 2006, the Treasury Board has delegated its authority to issue Treasury Board Orders to ministers to make transfers between programs within their ministries, and to the Chair of the Treasury Board to make Treasury Board Orders that result in program transfers between ministries as well as those orders that result in supplementary appropriations offset from contingency funds.

Figure 18 summarizes the total value of Treasury Board Orders issued for the past five fiscal years.

Figure 19 summarizes Treasury Board Orders for the fiscal year ended March 31, 2022, by month of issue.

In the 2021/22 fiscal year, the number of Treasury Board Orders decreased as compared to the prior year (which saw a significant increase primarily due to the reallocations of funds needed for COVID-19 initiatives), but still remains notably higher than that of previous pre-pandemic years given the continuing impacts of COVID-19.

According to the Standing Orders of the Legislative Assembly, Treasury Board Orders are to be posted online in *The Ontario Gazette*, together with explanatory information. Orders issued for the 2021/22 fiscal

Figure 18: Total Value of Treasury Board Orders Issued, 2017/18–2021/22 ($ million)

Source of data: Treasury Board

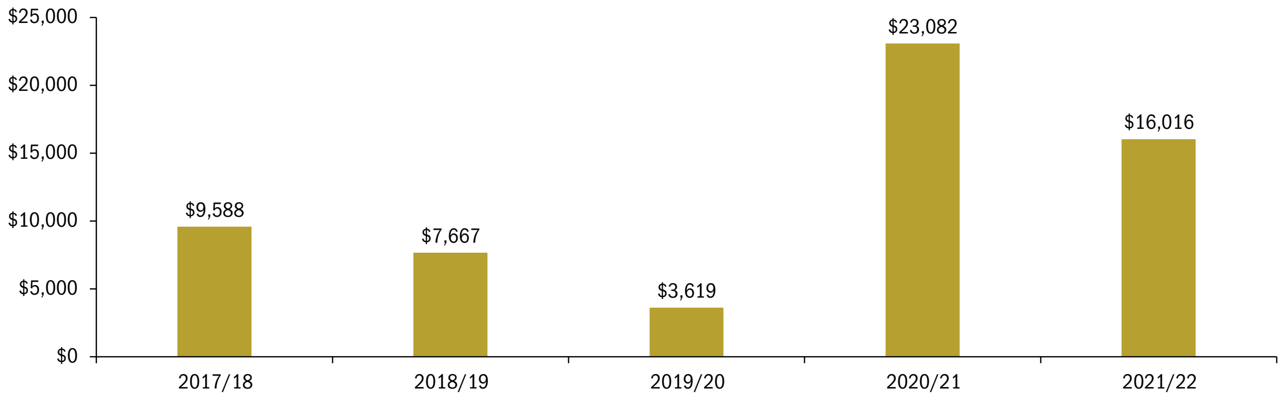


Figure 19: Total Value of Treasury Board Orders by Month Relating to the 2021/22 Fiscal Year

Source of data: Treasury Board

Month of Issue	Treasury Board Orders (#)	Authorized ($ million)
Apr 2021–Feb 2022	113	8,762
Mar 2022	38	4,272
Apr 2022	16	708
May 2022	–	–
Jun 2022	–	–
Jul 2022	2	2,274
Total	**169**	**16,016**

year are expected to be published in *The Ontario Gazette* in December 2022. **Exhibit 4** of this report shows a detailed listing of 2021/22 Treasury Board Orders, including the amounts authorized and expended.

16.4 Transfers Authorized by the Board of Internal Economy

When the Board of Internal Economy authorizes the transfer of money from one item of the Estimates of the Office of the Assembly to another item within the same vote, section 91 of the *Legislative Assembly Act* requires that we make special mention of the transfer(s) in our Annual Report. No transfers were made with respect to the 2021/22 Estimates.

16.5 Uncollectible Accounts

Under section 5 of the *Financial Administration Act*, the Lieutenant Governor in Council, on the recommendation of the Minister of Finance, may authorize an Order-in-Council to delete from the accounts any amounts due to the Crown that are the subject of a settlement or deemed uncollectible. The amounts deleted from the accounts during any fiscal year are to be reported in the Public Accounts.

In the 2021/22 fiscal year, receivables of $657 million due to the Crown from individuals and non-government organizations were written off (the comparable amount in 2020/21 was $140 million). The write-offs in the 2021/22 fiscal year related to the following:

- $210.3 million for the Ontario Small Business Support Grant ($nil in 2020/21)
- $191.1 million for the Victim Fine Surcharge relating to fees outstanding from old court cases ($nil in 2020/21)
- $65.2 million for bankrupt/insolvent entities with unpaid tax amounts ($65.4 million in 2020/21)
- $54.6 million for the General Motors Loan ($nil in 2020/21)
- $46.7 million for Vehicle Validation Tags ($nil in 2020/21)
- $42.2 million for student loans and the Loan for Tools program ($39.3 million in 2020/21)

- $23.4 million for Ontario Disability Support Program receivables, outstanding five or more years ($15.2 million in 2020/21)
- $13.0 million for Criminal Code of Canada fines and estreated bail writs ($13.5 million in 2020/21)
- $3.3 million for uncollectible receivables from agencies ($0.5 million in 2020/21)
- $3.3 million for cost recovery (forest fires) ($1.6 million in 2020/21)
- $2.1 million for the Motor Vehicle Accident Claim Fund ($4.2 million in 2020/21)
- The remaining $1.5 million relates to various ministry write-offs ($0.7 million in 2020/21).

The Ministry Statements and Schedules of the 2021/22 Public Accounts summarizes the write-offs by ministry. Under the accounting policies followed in preparing the Province's consolidated financial statements, a provision for doubtful accounts is recorded against accounts receivable balances. Most of the write-offs had already been expensed in the government's consolidated financial statements. However, the actual write-offs in the accounts required Order-in-Council approval.

The Province's consolidated financial statements include allowances for doubtful accounts of $1.6 billion (2020/21 had an allowance of $2.0 billion).

Appendix 1: Budget Requirements under the *Fiscal Sustainability, Transparency and Accountability Act, 2019*

Prepared by the Office of the Auditor General of Ontario

Act Requirement	Met Requirement	Did Not Meet Requirement	If Not Met, Why?
Balanced budget[1] 3 (1) For each fiscal year, the Executive Council shall plan for a balanced budget.		✓	2022 Budget is not balanced in the medium term (see **Exception, extraordinary circumstances** below).
Exception, extraordinary circumstances (2) Despite subsection (1), if, as a result of extraordinary circumstances, the Executive Council determines that it is consistent with the principles governing Ontario's fiscal policy for the province to have a deficit for one or more fiscal years, the Executive Council may plan accordingly, in which case the following requirements must be met:			The Province has assessed the COVID-19 pandemic as an extraordinary circumstance.
1. The introductory summary of the budget must include the rationale for the Executive Council's determination.	✓		
2. If the multi-year fiscal plan included in the budget does not project a balanced budget for the last fiscal year in the plan period, the budget must include a recovery plan that meets the requirements of **section 8.**	✓		
Annual budget[2] 4 (1) On or before March 31 of each fiscal year, the Minister shall lay before the Legislative Assembly and release a budget in respect of the following fiscal year commencing on April 1.	✓		
Contents of the budget 5 The budget required by **section 4** must include the following information:			
1. An introductory summary of the key fiscal, economic and debt information contained in the budget.	✓		
2. The macroeconomic forecasts and assumptions used to prepare the budget.	✓		
3. A multi-year fiscal plan that meets the requirements of **section 6.**	✓		
4. A comprehensive discussion of the risks that, in the Minister's opinion, may have a material impact on the economy or the public sector during the period of the plan.	✓		
5. A description of the intended effects of the plan on the Province.	✓		
6. Information about the projected ratio of provincial net debt to Ontario's gross domestic product for the period of the plan.	✓		
Multi-year fiscal plan 6 (1) A multi-year fiscal plan must meet the requirements set out in this section.	✓		

Act Requirement	Met Requirement	Did Not Meet Requirement	If Not Met, Why?
(2) The fiscal plan must address the fiscal year of the budget and the following two fiscal years, and it may address a longer period.	✓		
(3) The fiscal plan must include the following information:			
1. An estimate of Ontario's revenues and expenses for the period of the plan, including estimates of the major components of the revenues and expenses.	✓		
2. The forecasts and assumptions used to prepare the revenue and expense estimates for the period of the plan.	✓		
3. A reserve to provide for unexpected adverse changes in revenues and expenses, in whole or in part, and the details of the reserve.	✓		
4. A comprehensive discussion of the risks that, in the Minister's opinion, may have a material impact on the economy or the public sector during the period of the plan.	✓		
5. A description of the intended effects of the plan on the Province.	✓		
6. Information about the projected ratio of provincial net debt to Ontario's gross domestic product for the period of the plan.	✓		
7 (1) A debt burden reduction strategy must meet the requirements set out in this section.		✓	See explanation below.
(2) The debt burden reduction strategy must include the following information:			
1. Ontario's specific objectives for the projected ratio of provincial net debt to Ontario's gross domestic product.	✓		
2. A progress report on supporting actions and the implementation of the debt burden reduction strategy included in the last budget.		✓	Debt burden reduction strategy not fully implemented due to the Province not formally documenting a long-term debt strategy, not explaining how it determined the net-debt-to-GDP target of 42%, and not clearly demonstrating how debt will be managed.
8 (1) A recovery plan must meet the requirements set out in this section.	✓		
(2) The recovery plan must address the period from the first fiscal year after the end of the current multi-year fiscal plan to the projected fiscal year in which the budget will be balanced.	✓		
(3) The recovery plan must be consistent with the principles governing Ontario's fiscal policy and must include the following information:			

Act Requirement	Met Requirement	Did Not Meet Requirement	If Not Met, Why?
1. The projected fiscal year in which the budget will be balanced.	✓		
2. An estimate of Ontario's revenues and expenses for the period of the plan, including estimates of the major components of the revenues and expenses.	✓		
3. The forecasts and assumptions used to prepare the revenue and expense estimates for the period of the plan.	✓		
4. A reserve to provide for unexpected adverse changes in revenues and expenses, in whole or in part, and the details of the reserve.	✓		
5. Information about the projected ratio of provincial net debt to Ontario's gross domestic product for the period of the plan.	✓		
9 On or before November 15 of each fiscal year, the Minister shall release a mid-year review that includes the following information:			
1. An introductory summary of the key fiscal, economic and debt information contained in the review.	✓		
2. Updated information about Ontario's revenues and expenses for the current fiscal year or a longer period, including updated information about the major components of the revenues and expenses.	✓		
3. Information about the estimated cost of expenditures that are made through the tax system.	✓		
4. For the purpose of pre-budget consultations with the public:			
i. A description of the key issues that, in the Minister's opinion, should be addressed in the next budget.		✓	Key issues to be addressed in the next budget not included; however, the government plans to hold consultations with Ontarians about what they want to see in the *2023 Ontario Budget*.
ii. Details about how to participate in the pre-budget consultations	✓		
10 On or before August 15 and on or before February 15 of each fiscal year, the Minister shall release updated information about Ontario's revenues and expenses for the current fiscal year, including updated information about the major components of the revenues and expenses.	✓		

Act Requirement	Met Requirement	Did Not Meet Requirement	If Not Met, Why?
11 Within 45 days after Statistics Canada publishes quarterly national income and expenditure accounts, the Minister shall release Ontario's economic accounts for the same quarter.	✓		
12 (1) Within two years after the most recent general election, as defined in **section 1** of the *Election Act*, the Minister shall release a long-range assessment of Ontario's economic and fiscal environment.	✓		
(2) The long-range assessment must include the following information:			
1. A description of anticipated changes in the economy and in population demographics during the following 20 years.	✓		
2. A description of the potential impact of these changes on the public sector and on Ontario's fiscal policy during that period.	✓		
3. An analysis of key issues of fiscal policy that, in the Minister's opinion, are likely to affect the long-term sustainability of the economy and of the public sector.	✓		

Note: If the Minister does not meet a deadline under this Act, the Minister shall release a statement on or before the deadline explaining why the deadline was not met and set a new deadline. In addition, the Minister shall pay into the Consolidated Revenue Fund a penalty equal to 10% of the annual salary payable to the Minister under subsection 3(1) of the *Executive Council Act*, and the Premier shall pay into the Consolidated Revenue Fund a penalty equal to 10% of the annual salary payable to the Premier under subsection 3(1) and (2) of the *Executive Council Act*. The payments are required within 30 days of the deadline that was not met, and cannot be paid or reimbursed from the Consolidated Revenue Fund.

1. A balanced budget means, for a fiscal year, a budget in which the sum of expenses and a reserve does not exceed revenues.
2. This does not apply if a general election, as defined in the *Election Act*, has occurred in the fiscal year.

Exhibit 1: Accounts Audited by the Auditor General

1. Agencies, government organizations and Offices of the Legislature whose accounts are audited by the Auditor General

Agricorp

Alcohol and Gaming Commission of Ontario

Algonquin Forestry Authority

Centennial Centre of Science and Technology (Ontario Science Centre)

Centralized Supply Chain Ontario (Supply Ontario)

Chief Electoral Officer, *Election Act*

Deposit Insurance Reserve Fund, Financial Services Regulatory Authority of Ontario

Election Fees and Expenses, *Election Finances Act*

Financial Accountability Office of Ontario

Financial Services Regulatory Authority of Ontario

Funds for Producers of Grain Corn, Soybeans, Wheat and Canola, Grain Financial Protection Board

iGaming Ontario

Intellectual Property Ontario[1]

Invest Ontario

Legal Aid Ontario

Liquor Control Board of Ontario

Fund for Livestock Producers, Livestock Financial Protection Board

Motor Vehicle Accident Claims Fund

Northern Ontario Heritage Fund Corporation

Office of the Assembly[2]

Office of the Information and Privacy Commissioner

Office of the Ombudsman

Ontario Cannabis Retail Corporation

Ontario Clean Water Agency (Dec 31)[3]

Ontario Educational Communications Authority (TVO)

Ontario Electricity Financial Corporation

Ontario Energy Board

Ontario Financing Authority

Ontario Food Terminal Board

Ontario Health

Ontario Heritage Trust

Ontario Immigrant Investor Corporation

Ontario Media Development Corporation (Ontario Creates)

Ontario Northland Transportation Commission

Ontario Place Corporation (Dec 31)[3]

Ontario Securities Commission

Pension Benefits Guarantee Fund, Financial Services Regulatory Authority of Ontario

Province of Ontario Council for the Arts (Ontario Arts Council)

Provincial Judges Pension Plan

Public Guardian and Trustee for the Province of Ontario

2. Agencies and government organizations whose accounts are audited by another auditor under the direction of the Auditor General

Education Quality and Accountability Office

Higher Education Quality Council of Ontario

Metropolitan Toronto Convention Centre Corporation

Niagara Parks Commission

Ontario Tourism Marketing Partnership Corporation

Ottawa Convention Centre Corporation

St. Lawrence Parks Commission

Toronto Island Residential Community Trust Corporation

Walkerton Clean Water Centre

Workplace Safety and Insurance Board (Dec 31)[1]

1. March 31, 2023 will be the first audit of Intellectual Property Ontario.
2. The Office of the Integrity Commissioner is audited as part of the audit of the Office of the Assembly.
3. Dates in parentheses indicate fiscal years ending on a date other than March 31.

Exhibit 2: Accounts Audited by Other Auditors with Full Access by the Auditor General

Agencies and Crown-controlled corporations whose accounts are audited by an auditor other than the Auditor General, with full access by the Auditor General to audit reports, working papers and other related documents as required

Agricultural Research Institute of Ontario

Fair Hydro Trust (Dec 31)[1]

Forest Renewal Trust

General Real Estate Portfolio

Home and Community Care Support Services Central East[2]

Home and Community Care Support Services Central[2]

Home and Community Care Support Services Central West[2]

Home and Community Care Support Services Champlain[2]

Home and Community Care Support Services Erie St. Clair[2]

Home and Community Care Support Services Hamilton Niagara Haldimand Brant[2]

Home and Community Care Support Services Mississauga Halton[2]

Home and Community Care Support Services North East[2]

Home and Community Care Support Services North Simcoe Muskoka[2]

Home and Community Care Support Services North West[2]

Home and Community Care Support Services South East[2]

Home and Community Care Support Services South West[2]

Home and Community Care Support Services Toronto Central[2]

Home and Community Care Support Services Waterloo Wellington[2]

Human Rights Legal Support Centre

Hydro One Limited (Dec 31)[1]

Independent Electricity System Operator (Dec 31)[1]

Investment Management Corporation of Ontario (Dec 31)[1]

McMichael Canadian Art Collection

Metrolinx

Municipal Property Assessment Corporation

Ontario Capital Growth Corporation

Ontario French-language Educational Communications Authority (TFO)

Ontario Infrastructure and Lands Corporation (Infrastructure Ontario)

Ontario Lottery and Gaming Corporation

Ontario Pension Board (Dec 31)[1]

Ontario Power Generation (Dec 31)[1]

Ontario Trillium Foundation

Ornge

Owen Sound Transportation Company Limited

Ontario Agency for Health Protection and Promotion (Public Health Ontario)

Royal Ontario Museum

Science North

Skilled Trades Ontario[3]

Toronto Waterfront Revitalization Corporation (Waterfront Toronto)

1. Dates in parentheses indicate fiscal years ending on a date other than March 31.
2. Effective April 1, 2021, the funding, planning and community functions of the Local Health Integration Networks (LHINs) were transferred to Ontario Health and the LHINs were renamed as Home and Community Care Support Services.
3. The Ontario College of Trades was renamed to Skilled Trades Ontario on January 1, 2022 when the *Building Opportunities in the Skilled Trades Act, 2021* came into force, which also repealed the *Ontario College of Trades and Apprenticeship Act, 2009*.

Exhibit 3: Organizations in the Broader Public Sector with Full Access by the Auditor General

Broader-public-sector organizations whose accounts are audited by an auditor other than the Auditor General, with full access by the Auditor General to audit reports, working papers and other related documents as required*

PUBLIC HOSPITALS (MINISTRY OF HEALTH)

Alexandra Hospital Ingersoll
Alexandra Marine & General Hospital
Almonte General Hospital
Anson General Hospital
Arnprior Regional Health
Atikokan General Hospital
Baycrest Centre for Geriatric Care
Bingham Memorial Hospital
Blanche River Health
Bluewater Health
Brant Community Healthcare System
Brockville General Hospital
Bruyère Continuing Care Inc.
Cambridge Memorial Hospital
Campbellford Memorial Hospital
Carleton Place and District Memorial Hospital
Casey House Hospice
Chatham-Kent Health Alliance
Children's Hospital of Eastern Ontario—Ottawa Children's Treatment Centre
Clinton Public Hospital
Collingwood General and Marine Hospital
Cornwall Community Hospital
Deep River and District Hospital Corporation
Dryden Regional Health Centre
Erie Shores Healthcare
Espanola General Hospital
Four Counties Health Services
Georgian Bay General Hospital
Geraldton District Hospital
Grand River Hospital
Grey Bruce Health Services
Groves Memorial Community Hospital
Guelph General Hospital
Haldimand War Memorial Hospital
Haliburton Highlands Health Services Corporation
Halton Healthcare Services Corporation
Hamilton Health Sciences Corporation
Hanover and District Hospital
Headwaters Health Care Centre
Health Sciences North
Holland Bloorview Kids Rehabilitation Hospital
Hôpital Général de Hawkesbury and District General Hospital Inc.
Hôpital Glengarry Memorial Hospital
Hôpital Montfort
Hôpital Notre-Dame Hospital (Hearst)
Hornepayne Community Hospital
Hospital for Sick Children
Hôtel-Dieu Grace Healthcare
Humber River Regional Hospital
Joseph Brant Hospital
Kemptville District Hospital
Kingston Health Sciences Centre
Lady Dunn Health Centre
Lady Minto Hospital, Cochrane
Lake of the Woods District Hospital
Lakeridge Health
Lennox and Addington County General Hospital
Listowel Memorial Hospital
London Health Sciences Centre
Mackenzie Health
Manitoulin Health Centre
Mattawa General Hospital

Muskoka Algonquin Healthcare
Niagara Health System
Nipigon District Memorial Hospital
Norfolk General Hospital
North Bay Regional Health Centre
North Shore Health Network
North of Superior Healthcare Group
North Wellington Health Care Corporation
North York General Hospital
Northumberland Hills Hospital
Oak Valley Health
Orillia Soldiers' Memorial Hospital
Ottawa Hospital
Pembroke Regional Hospital Inc.
Perth and Smiths Falls District Hospital
Peterborough Regional Health Centre
Providence Care Centre (Kingston)
Queensway Carleton Hospital
Quinte Healthcare Corporation
Red Lake Margaret Cochenour Memorial Hospital Corporation
Religious Hospitallers of St. Joseph of Cornwall, Ontario
Religious Hospitallers of St. Joseph of the Hotel Dieu of St. Catharines
Renfrew Victoria Hospital
Riverside Health Care Facilities Inc.
Ross Memorial Hospital
Royal Victoria Regional Health Centre
Runnymede Healthcare Centre
Salvation Army Toronto Grace Health Centre
Santé Manitouwadge Health
Sault Area Hospital
Scarborough Health Network
Seaforth Community Hospital
Sensenbrenner Hospital
Services de santé de Chapleau Health Services
Sinai Health System
Sioux Lookout Meno Ya Win Health Centre
Smooth Rock Falls Hospital
South Bruce Grey Health Centre
South Huron Hospital Association
Southlake Regional Health Centre
St. Francis Memorial Hospital
St. Joseph's Care Group
St. Joseph's Continuing Care Centre of Sudbury
St. Joseph's General Hospital Elliot Lake
St. Joseph's Health Care London
St. Joseph's Health Centre Guelph
St. Joseph's Healthcare Hamilton
St. Mary's General Hospital
St. Marys Memorial Hospital
St. Thomas Elgin General Hospital
Stevenson Memorial Hospital
Stratford General Hospital
Strathroy Middlesex General Hospital
Sunnybrook Health Sciences Centre
Temiskaming Hospital
Thunder Bay Regional Health Sciences Centre
Tillsonburg District Memorial Hospital
Timmins and District Hospital
Toronto East Health Network
Trillium Health Partners
Unity Health Toronto
University Health Network
University of Ottawa Heart Institute
Weeneebayko Area Health Authority
West Haldimand General Hospital
West Nipissing General Hospital
West Park Healthcare Centre
West Parry Sound Health Centre
William Osler Health System
Winchester District Memorial Hospital
Windsor Regional Hospital
Wingham and District Hospital
Women's College Hospital
Woodstock Hospital

SPECIALTY PSYCHIATRIC HOSPITALS (MINISTRY OF HEALTH)

Centre for Addiction and Mental Health
Ontario Shores Centre for Mental Health Sciences
Royal Ottawa Health Care Group
Waypoint Centre for Mental Health Care

CHILDREN'S AID SOCIETIES (MINISTRY OF CHILDREN, COMMUNITY AND SOCIAL SERVICES)

Bruce Grey Child and Family Services
Catholic Children's Aid Society of Hamilton
Chatham-Kent Children's Services
Children and Family Services for York Region
Children's Aid Society of Algoma
Children's Aid Society of Brant
Children's Aid Society of Hamilton
Children's Aid Society of London and Middlesex
Children's Aid Society of the City of Sarnia and the County of Lambton
Children's Aid Society of Toronto
Dufferin Child and Family Services
Durham Children's Aid Society
Family and Children's Services of Frontenac, Lennox and Addington
Family and Children's Services of Lanark, Leeds and Grenville
Family and Children's Services of Renfrew County
Family and Children's Services of St. Thomas and Elgin
Family and Children's Services of the Waterloo Region
Halton Children's Aid Society
Highland Shores Children's Aid Society
Huron-Perth Children's Aid Society
Jewish Family and Child Service of Greater Toronto
Kawartha-Haliburton Children's Aid Society
Kenora-Rainy River Districts Child and Family Services
North Eastern Ontario Family and Children's Services
Simcoe Muskoka Child, Youth and Family Services
The Catholic Children's Aid Society of Toronto
The Children's Aid Society of the City of Guelph and County of Wellington
The Children's Aid Society of Haldimand and Norfolk
The Children's Aid Society of Ottawa
The Children's Aid Society of Oxford County Inc.
The Children's Aid Society of the District of Nipissing and Parry Sound
The Children's Aid Society of the District of Thunder Bay
The Children's Aid Society of the Districts of Sudbury and Manitoulin
The Children's Aid Society of the Niagara Region
The Children's Aid Society of the Region of Peel
The Children's Aid Society of the United Counties of Stormont, Dundas and Glengarry
Valoris pour enfants et adultes de Prescott-Russell/ Valoris for Children and Adults of Prescott-Russell
Windsor-Essex Children's Aid Society

SCHOOL BOARDS (MINISTRY OF EDUCATION)

Algoma District School Board
Algonquin and Lakeshore Catholic District School Board
Avon Maitland District School Board
Bloorview MacMillan School Authority
Bluewater District School Board
Brant Haldimand Norfolk Catholic District School Board
Bruce-Grey Catholic District School Board
Campbell Children's School Authority
Catholic District School Board of Eastern Ontario
Children's Hospital of Eastern Ontario School Authority
Conseil des écoles publiques de l'Est de l'Ontario
Conseil scolaire catholique MonAvenir

Conseil scolaire catholique Providence
Conseil scolaire de district catholique de l'Est ontarien
Conseil scolaire de district catholique des Aurores boréales
Conseil scolaire de district catholique des Grandes Rivières
Conseil scolaire de district catholique du Centre-Est de l'Ontario
Conseil scolaire de district catholique du Nouvel-Ontario
Conseil scolaire de district catholique Franco-Nord
Conseil scolaire de district du Nord-Est de l'Ontario
Conseil scolaire public du Grand Nord de l'Ontario
Conseil scolaire Viamonde
Consortium Centre Jules-Léger
District School Board of Niagara
District School Board Ontario North East
Dufferin-Peel Catholic District School Board
Durham Catholic District School Board
Durham District School Board
Grand Erie District School Board
Greater Essex County District School Board
Halton Catholic District School Board
Halton District School Board
Hamilton-Wentworth Catholic District School Board
Hamilton-Wentworth District School Board
Hastings and Prince Edward District School Board
Huron-Perth Catholic District School Board
Huron-Superior Catholic District School Board
James Bay Lowlands Secondary School Board
John McGivney Children's Centre School Authority
Kawartha Pine Ridge District School Board
Keewatin-Patricia District School Board
Kenora Catholic District School Board
KidsAbility School Authority
Lakehead District School Board
Lambton Kent District School Board
Limestone District School Board
London District Catholic School Board
Moose Factory Island District School Area Board
Moosonee District School Area Board
Near North District School Board
Niagara Catholic District School Board
Niagara Peninsula Children's Centre School Authority
Nipissing-Parry Sound Catholic District School Board
Northeastern Catholic District School Board
Northwest Catholic District School Board
Ottawa Catholic School Board
Ottawa-Carleton District School Board
Peel District School Board
Penetanguishene Protestant Separate School Board
Peterborough Victoria Northumberland and Clarington Catholic District School Board
Rainbow District School Board
Rainy River District School Board
Renfrew County Catholic District School Board
Renfrew County District School Board
Simcoe County District School Board
Simcoe Muskoka Catholic District School Board
St. Clair Catholic District School Board
Sudbury Catholic District School Board
Superior North Catholic District School Board
Superior-Greenstone District School Board
Thames Valley District School Board
Thunder Bay Catholic District School Board
Toronto Catholic District School Board
Toronto District School Board
Trillium Lakelands District School Board
Upper Canada District School Board
Upper Grand District School Board
Waterloo Catholic District School Board
Waterloo Region District School Board
Wellington Catholic District School Board
Windsor-Essex Catholic District School Board
York Catholic District School Board
York Region District School Board

COLLEGES (MINISTRY OF COLLEGES AND UNIVERSITIES)

Algonquin College of Applied Arts and Technology
Cambrian College of Applied Arts and Technology
Canadore College of Applied Arts and Technology
Centennial College of Applied Arts and Technology
Collège Boréal d'arts appliqués et de technologie
Collège d'arts appliqués et de technologie La Cité collégiale
Conestoga College Institute of Technology and Advanced Learning
Confederation College of Applied Arts and Technology
Durham College of Applied Arts and Technology
Fanshawe College of Applied Arts and Technology
George Brown College of Applied Arts and Technology
Georgian College of Applied Arts and Technology
Humber College Institute of Technology and Advanced Learning
Lambton College of Applied Arts and Technology
Loyalist College of Applied Arts and Technology
Mohawk College of Applied Arts and Technology
Niagara College of Applied Arts and Technology
Northern College of Applied Arts and Technology
Sault College of Applied Arts and Technology
Seneca College of Applied Arts and Technology
Sheridan College Institute of Technology and Advanced Learning
Sir Sandford Fleming College of Applied Arts and Technology
St. Clair College of Applied Arts and Technology
St. Lawrence College of Applied Arts and Technology

* This exhibit only includes the more financially significant organizations in the broader public sector.

Exhibit 4: Treasury Board Orders

Under subsection 12(2)(e) of the *Auditor General Act*, the Auditor General is required to annually report all orders of the Treasury Board made to authorize payments in excess of appropriations, stating the date of each order, the amount authorized and the amount expended. These are outlined in the following table. Although ministries may track expenditures related to these orders in more detail by creating accounts at the sub-vote and item level, this schedule summarizes such expenditures at the vote and item level.

Ministry	Date of Order	Authorized ($)	Expended ($)
Agriculture, Food and Rural Affairs	Nov 16, 2021	729,500	509,617
	Dec 14, 2021	400,000	–
	Apr 5, 2022	600,000	96,712
		1,729,500	**606,329**
Attorney General	Nov 16, 2021	7,000,000	7,000,000
	Nov 16, 2021	1,250,000	1,250,000
	Nov 16, 2021	2,218,000	2,218,000
	Dec 14, 2021	1,220,000	1,220,000
	Dec 14, 2021	98,882,100	87,242,834
	Feb 15, 2022	207,594,700	171,601,728
	Apr 5, 2022	45,064,400	29,682,133
		363,229,200	**300,214,695**
Cabinet Office	Nov 16, 2021	2,000,000	2,000,000
	Nov 16, 2021	1,451,600	1,340,921
		3,451,600	**3,340,921**
Children, Community and Social Services	Nov 16, 2021	1,455,100	1,333,100
	Nov 16, 2021	1,794,600	1,794,600
	Dec 14, 2021	8,900,000	8,900,000
	Feb 15, 2022	259,500,000	31,106,448
	Feb 15, 2022	159,400	–
	Mar 22, 2022	69,656,200	51,258,821
	Apr 5, 2022	1,144,700	–
		342,610,000	**94,392,969**
Colleges and Universities	Dec 14, 2021	8,650,000	–
	Mar 3, 2022	2,510,000	277,598
	Mar 3, 2022	15,000,000	–
	Mar 22, 2022	1,942,500	283,558
	Mar 29, 2022	10,513,300	–
		38,615,800	**561,156**

Ministry	Date of Order	Authorized ($)	Expended ($)
Economic Development, Job Creation and Trade	Nov 16, 2021	50,000,000	50,000,000
	Nov 16, 2021	2,000,000	–
	Dec 14, 2021	1,000,000	1,000,000
	Jan 7, 2022	292,700,000	46,041,622
	Feb 15, 2022	62,321,400	–
	Mar 3, 2022	10,000,000	–
		418,021,400	**97,041,622**
Education	Nov 16, 2021	6,141,000	6,141,000
	Nov 30, 2021	4,672,800	–
	Dec 14, 2021	77,600,000	77,600,000
	Mar 22, 2022	1,600,600	1,600,600
	Mar 31, 2022	174,988,400	113,861,990
	Mar 31, 2022	219,771,400	16,559,094
		484,774,200	**215,762,684**
Energy, Northern Development and Mines	Nov 16, 2021	17,000,000	17,000,000
	Nov 16, 2021	100,000,000	100,000,000
	Nov 16, 2021	8,165,000	5,969,348
	Nov 16, 2021	190,500	190,500
	Dec 22, 2021	90,000,000	90,000,000
	Jan 7, 2022	89,900,000	25,174,457
	Feb 15, 2022	3,651,000	–
	Feb 15, 2022	13,465,100	735,170
	Mar 22, 2022	6,500,000	–
	Mar 22, 2022	300,448,200	278,745,177
	Apr 5, 2022	1,825,500	–
	Apr 27, 2022	15,951,700	–
		647,097,000	**517,814,652**
Environment, Conservation and Parks	Nov 16, 2021	10,600,000	3,394,501
	Nov 30, 2021	958,200	958,200
	Nov 30, 2021	200,000	–
	Jan 18, 2022	6,867,800	6,867,800
	Mar 3, 2022	10,249,100	7,865,933
		28,875,100	**19,086,434**

Ministry	Date of Order	Authorized ($)	Expended ($)
Finance	Nov 16, 2021	135,000,000	119,675,458
	Dec 22, 2021	210,000,000	–
	Mar 22, 2022	18,665,100	11,161,778
	Jul 28, 2022	839,675,000	839,675,000
		1,203,340,100	**970,512,236**
Francophone Affairs	Dec 14, 2021	500,000	28,394
		500,000	**28,394**
Government and Consumer Services	Nov 16, 2021	6,599,700	6,599,700
	Nov 16, 2021	7,330,400	2,196,745
	Nov 16, 2021	152,000	–
	Nov 16, 2021	500,000	500,000
	Nov 16, 2021	1,814,900	1,814,900
	Nov 30, 2021	105,789,100	66,547,746
	Dec 14, 2021	3,533,800	3,533,800
	Dec 14, 2021	6,100,000	3,122,113
	Jan 11, 2022	6,877,800	–
	Feb 24, 2022	2,056,700	–
	Mar 3, 2022	3,022,900	3,022,900
	Mar 3, 2022	241,651,200	29,348,452
	Mar 3, 2022	1,768,100	–
	Mar 22, 2022	60,100	–
	Apr 5, 2022	226,500,000	200,572,374
		613,756,700	**317,258,730**
Health	Nov 16, 2021	4,500,000	–
	Nov 16, 2021	4,445,000	1,075,000
	Nov 16, 2021	96,600,000	71,111,431
	Dec 14, 2021	23,475,900	3,775,900
	Dec 14, 2021	72,570,000	69,070,000
	Dec 14, 2021	4,400,000	4,400,000
	Jan 26, 2022	7,212,400	7,212,400
	Feb 1, 2022	1,285,875,700	1,285,875,700
	Feb 1, 2022	12,500,000	–
	Feb 15, 2022	44,100	44,100
	Mar 3, 2022	385,988,000	286,309,063
	Mar 22, 2022	413,514,400	171,382,450
	Mar 22, 2022	46,780,200	–
	Apr 5, 2022	311,509,200	–
	Apr 14, 2022	257,000	–
	Jul 28, 2022	1,434,669,400	1,434,668,351
		4,104,341,300	**3,334,924,395**

Ministry	Date of Order	Authorized ($)	Expended ($)
Heritage, Sport, Tourism and Culture Industries	Nov 16, 2021	32,900,000	32,900,000
	Nov 16, 2021	30,000,000	–
	Nov 16, 2021	12,000,000	–
	Nov 30, 2021	48,500,000	48,311,570
	Feb 1, 2022	30,000,000	26,056,588
	Feb 15, 2022	175,112,500	175,112,436
	Mar 3, 2022	1,500,000	–
	Mar 3, 2022	7,051,400	3,214,263
	Mar 3, 2022	324,900	–
	Mar 22, 2022	6,000,000	–
		343,388,800	**285,594,857**
Indigenous Affairs	Dec 14, 2021	4,000,000	–
	Feb 15, 2022	20,617,600	20,319,599
		24,617,600	**20,319,599**
Infrastructure	Dec 14, 2021	200,000,000	–
	Mar 3, 2022	19,809,000	18,600,677
	Apr 27, 2022	255,000	39,994
		220,064,000	**18,640,671**
Labour, Training and Skills Development	Nov 16, 2021	216,186,000	203,946,402
	Nov 16, 2021	4,613,600	3,548,372
	Nov 16, 2021	13,141,800	13,141,800
	Dec 14, 2021	5,219,000	5,219,000
	Dec 14, 2021	72,890,000	60,592,495
	Feb 15, 2022	18,345,000	15,604,392
	Feb 15, 2022	16,509,500	–
	Mar 3, 2022	4,773,600	1,715,917
	Mar 22, 2022	6,000,000	–
		357,678,500	**303,768,378**
Long-Term Care	Nov 16, 2021	21,369,000	21,369,000
	Dec 14, 2021	14,945,000	14,945,000
	Dec 14, 2021	107,600,000	107,600,000
	Jan 18, 2022	269,285,700	269,285,700
	Jan 18, 2022	1,395,700	1,336,163
	Jan 20, 2022	164,200,000	23,937,971
	Mar 31, 2022	112,800,000	–
	Apr 5, 2022	56,847,500	–
		748,442,900	**438,473,834**

Ministry	Date of Order	Authorized ($)	Expended ($)
Municipal Affairs and Housing	Nov 16, 2021	3,800,000	3,800,000
	Nov 30, 2021	7,510,000	7,510,000
	Dec 14, 2021	5,755,100	2,185,744
	Mar 22, 2022	135,517,000	134,408,709
	Apr 5, 2022	6,000,000	178,092
		158,582,100	**148,082,545**
Natural Resources and Forestry	Nov 16, 2021	673,000	673,000
	Nov 16, 2021	100,000,000	100,000,000
	Mar 3, 2022	297,940,600	290,877,828
	Mar 22, 2022	11,845,300	6,668,372
	Apr 5, 2022	2,190,000	–
		412,648,900	**398,219,200**
Seniors and Accessibility	Nov 16, 2021	6,567,000	6,464,336
	Dec 14, 2021	10,000,000	10,000,000
	Dec 14, 2021	11,000,000	11,000,000
	Feb 24, 2022	7,870,000	7,870,000
	Apr 5, 2022	9,424,400	7,199,478
		44,861,400	**42,533,814**
Solicitor General	Nov 16, 2021	751,200	531,200
	Nov 16, 2021	8,800,000	–
	Dec 14, 2021	25,232,700	7,090,000
	Dec 14, 2021	4,000,000	4,000,000
	Dec 15, 2021	300,000	–
	Dec 15, 2021	200,000	–
	Feb 15, 2022	224,326,800	203,040,624
	Mar 22, 2022	25,968,400	23,345,721
	Mar 31, 2022	120,958,600	33,703
	Apr 5, 2022	2,969,200	–
	Apr 27, 2022	2,197,000	–
		415,703,900	**238,041,248**

Ministry	Date of Order	Authorized ($)	Expended ($)
Transportation	Nov 16, 2021	8,100,000	8,100,000
	Nov 16, 2021	2,500,000	2,500,000
	Nov 16, 2021	1,109,200	1,109,200
	Nov 30, 2021	179,468,000	179,468,000
	Dec 14, 2021	345,400,000	254,179,496
	Feb 15, 2022	1,102,600	–
	Mar 8, 2022	663,200,000	158,236,770
	Mar 22, 2022	106,000	–
	Apr 14, 2022	25,700,000	9,748,555
		1,226,685,800	**613,342,021**
Treasury Board Secretariat	Nov 16, 2021	29,672,300	–
	Nov 16, 2021	7,000,000	7,000,000
	Nov 16, 2021	1,179,400	1,179,400
	Nov 16, 2021	5,666,700	5,666,700
	Nov 30, 2021	469,707,200	–
	Nov 30, 2021	3,302,200	2,117,215
	Dec 14, 2021	6,600,000	2,493,535
	Dec 14, 2021	80,000,000	–
	Dec 14, 2021	385,000,000	241,513,065
	Jan 11, 2022	250,400	250,400
	Feb 15, 2022	1,901,131,000	–
	Mar 3, 2022	21,955,700	–
	Mar 8 2022	826,100	585,452
	Mar 22, 2022	447,524,800	–
	Mar 31, 2022	453,530,000	–
		3,813,345,800	**260,805,767**
Total Treasury Board Orders		**16,016,361,600**	**8,639,367,151**

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