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Standing Committee on Public Accounts

2020 Annual Report,
Auditor General:

Treasury Board Secretariat
Ministry of Finance
Ontario Financing Authority

1st Session
42nd Parliament
Wednesday 31 March 2021

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Mercredi 31 mars 2021

Chair: Taras Natyshak
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Président : Taras Natyshak
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Room 500, West Wing, Legislative Building
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Toronto ON M7A 1A2
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Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**STANDING COMMITTEE ON
PUBLIC ACCOUNTS**

**COMITÉ PERMANENT DES
COMPTES PUBLICS**

Wednesday 31 March 2021

Mercredi 31 mars 2021

The committee met at 1230 in room 151 and by video conference, following a closed session.

The Chair (Mr. Taras Natyshak): Welcome back, friends. I would like to call the meeting of the Standing Committee on Public Accounts to order. Before we do that, I just want to take another roll call this afternoon.

In attendance in the committee room, we have MPP Catherine Fife and MPP Deepak Anand. Online, we have MPP Bouma.

MPP Bouma, please identify yourself and let us know that you are indeed who you are, and that you are in Ontario.

Mr. Will Bouma: I am indeed MPP Bouma, and I am in my constituency office.

The Chair (Mr. Taras Natyshak): Thank you very much, Mr. Bouma.

2020 ANNUAL REPORT,
AUDITOR GENERAL

TREASURY BOARD SECRETARIAT
MINISTRY OF FINANCE

ONTARIO FINANCING AUTHORITY

Consideration of chapter 2, public accounts of the province.

The Chair (Mr. Taras Natyshak): We're here to begin consideration of the public accounts of the province section of the 2020 annual report of the Office of the Auditor General of Ontario. Joining us today are officials from the Treasury Board Secretariat, the Ministry of Finance and the Ontario Financing Authority.

You'll have 20 minutes, collectively, for an opening presentation to the committee. We'll then move to the question-and-answer portion of the meeting, when we will rotate back and forth between government and official opposition caucuses in 20-minute intervals, with some time for questioning for the independent member. I would invite each person to introduce themselves for Hansard before you begin speaking. You may begin when you're ready.

Ms. Carlene Alexander: My name is Carlene Alexander. I am the Comptroller General of Ontario, and I work out of the Treasury Board Secretariat. I will kick off the opening remarks, which I will be sharing with my colleagues.

Good afternoon, everyone. I'd like to thank the members of the Ontario Standing Committee on Public Accounts for inviting me to speak today. I appreciate the opportunity to present on the "Public Accounts of Ontario," from the Auditor General's 2020 annual report.

Today I am joined by my colleagues Deputy Ministers Kevin French from Treasury Board Secretariat and Greg Orencsak from the Ministry of Finance. Also with us are Assistant Deputy Minister Maureen Buckley, who serves as the Provincial Controller, and CEO Gadi Mayman from the Ontario Financing Authority.

Today I will discuss the following: the roles and responsibilities of the Ontario Comptroller General, the public accounts process, and the ministry's response to the Auditor General's recommendations from chapter 2 of the 2020 annual report.

I will begin by outlining the roles and responsibilities of the Comptroller General. In February 2020, Ontario announced the creation of the Office of the Comptroller General, and in doing so, Ontario became the first province in Canada to make this a deputy-minister-level position. In October 2020, I became Ontario's first Comptroller General. My goal is to bring a renewed emphasis on forecasting and managing operational risk and enhancing internal oversight over the province's finances—in contrast to an audit, which occurs after the money has already been spent. My focus is on risk management, which allows the government to proactively identify and mitigate potential financial and policy risks before they take hold. This not only provides better value for Ontarians, but it also ensures that government can deliver the best possible programs and services.

I'd like to now discuss the public accounts process and the Auditor General's role. Public accounts presents the government's financial statements, providing insight on how finances were managed over the fiscal year. The public accounts consist of an annual report, consolidated financial statements and supplementary information. The Auditor General provides an opinion on whether the consolidated financial statements present fairly the consolidated financial position of the province. I'm pleased to say that for the third year in a row, Ontario has received an unqualified or "clean" audit opinion.

I'm also pleased to say that we do have a very strong and productive working relationship with the Office of the Auditor General. This is very important to me and my colleagues. Examples of this strong working relationship

include working with the Auditor General and her office on significant accounting issues impacting the public accounts well in advance of those issues taking head, meeting monthly to discuss new and outstanding matters, and creating a collaborative space online in our financial management gateway to collaborate. We aim to continuously strengthen this relationship through collaboration and open communications.

This brings me to my third topic: the Auditor General's recommendations from the 2020 annual report, and the government's response to them.

For the first recommendation, it is advised that when winding up agencies, the government should:

- ensure that staff with the appropriate knowledge are retained to assist with the process;
- provide access to government services to enable efficient and effective financial reporting processes;
- clearly communicate financial-related information; and
- maintain timely reporting of financial information until the final set of financial statements are prepared, audited and released.

As stated in the annual report, the Treasury Board Secretariat supports this recommendation. The Office of the Provincial Controller division, or OPCD, will continue to work with ministries as they undertake restructuring activities. OPCD will also expand on communication, where appropriate, to better highlight documentation to be retained for financial reporting and auditing purposes.

The second recommendation is on the consolidation of children's aid societies into the public accounts. As a guiding principle, the province is committed to transparency, consolidation completeness, and providing information to enhance external financial reporting. As such, the Treasury Board Secretariat is currently working closely with the Ministry of Children, Community and Social Services, or MCCSS, to assess the impacts and benefits of consolidating the various children's aid societies into the public accounts.

The third recommendation was to ensure that children's aid societies complete and submit their financial statement audits to MCCSS within the required reporting timelines. MCCSS, as the responsible ministry, has indicated that they will continue to work with children's aid societies to ensure that their financial statement audits are complete and submitted on time.

The fourth and final recommendation focused on contaminated sites liabilities. In its response, the Treasury Board Secretariat committed to working with ministries through an inter-ministerial contaminated sites assistant deputy ministers' steering committee. This committee would review the feasibility of implementing a uniform approach considering the unique traits that contaminated sites or groups of sites may have, and communicate the need to review contaminated sites annually.

With that, I will now pass the floor over to the deputy minister of the Treasury Board Secretariat, Kevin French, to discuss the fiscal cycle and how public accounts fits into that cycle. Thank you very much.

Mr. Kevin French: Thank you, Deputy Alexander, and thank you to the members of the Ontario Standing Committee on Public Accounts for providing me with an opportunity to be here today.

For the purpose of today, I'll provide a brief overview of Ontario's fiscal cycle leading up to the public accounts, beginning with the tabling of the budget.

The budget lays out at the highest level the government's plans and priorities for the upcoming fiscal year. Following the introduction of the budget, the government tables the expenditure estimates. The estimates must be tabled within 12 sessional days of the budget's introduction. Tabling of the estimates constitutes the government's annual formal request to the Ontario Legislature to approve its spending requirements. The estimates also set out the details of the operating- and capital-related spending needs of Ontario ministries and legislative offices for the fiscal year, which runs from April 1 to March 31.

The Standing Committee on Estimates then selects the estimates of specific ministries for further review and normally reports the results of its review to the Legislature by the third Thursday in November. Any ministry estimates that are not selected by the committee are deemed to be concurred by the assembly. Within the fiscal year, if a ministry requires an increase to the spending authority provided in the estimates, supplementary estimates can be tabled. If supplementary estimates are tabled before the third Thursday in November, the committee may also review them.

Throughout the year, the government has the ability to use a tool called a Treasury Board order. These were also reported in the Auditor General's annual report. Treasury Board orders are a tool that allow the government to increase spending in a program, provided there is money available from underspending in another program. Treasury Board orders are required by standing order of the Assembly to be published in the Ontario Gazette. In compliance with the standing orders, Treasury Board orders for fiscal year 2019-20 were published in the Gazette on March 12, 2021.

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Following the review and report by the standing committee is concurrence. This is when the Legislative Assembly officially votes on whether to authorize the spending of the estimates.

Upon concurrence's completion, the next step in the Ontario fiscal cycle is the introduction of the Supply Act. The Supply Act is introduced before the end of the fiscal year. It's contingent upon the Legislature's review and subsequent approval of estimates, including supplementary estimates, for the fiscal year ended March 31, 2020.

In conjunction with the Supply Act, estimates provide each ministry with the legal authority to spend their respective capital and operating budgets. This is the final step in the annual fiscal process and provides the province with the legal spending authority for the expenditures incurred in fiscal 2019-20.

I should add, in procedural terms, the Supply Act does not seek any spending beyond those outlined in the expenditures estimates and any supplementary estimates.

Once the books are closed for the fiscal year, work begins on preparing public accounts, which Deputy Alexander mentioned earlier. Public accounts must be tabled within 180 calendar days of the end of the fiscal year and are an important bookend to the budget presented at the beginning of the fiscal year.

As I wrap up my remarks, I'd like to briefly explain the role of the contingency fund in the fiscal cycle. The contingency fund helps the government reduce the impact of expense-related risks that may otherwise affect fiscal performance. In fiscal 2019-20, the government allocated \$1.1 billion through the contingency fund to support, for example, emergency forest firefighting, social assistance, developmental services, and other programs to help vulnerable populations.

Before I finish today, I'd like to thank the Auditor General for the "Public Accounts of Ontario" chapter in the 2020 annual report. The report is an essential tool for maintaining both transparency and accountability across government—two overarching principles that continue to guide our work here at the Treasury Board Secretariat.

Alongside my colleagues here today, I look forward to answering any questions you may have.

I'll now pass things over to the Deputy Minister of Finance, Greg Orencsak, to say a few words.

Thank you, committee.

Mr. Greg Orencsak: Thanks very much, Kevin.

Thank you for the opportunity to be here and the opportunity to address you. My name is Greg Orencsak. I'm the Deputy Minister of Finance and the chair of the Ontario Financing Authority. I'm also joined here by Gadi Mayman, who is the CEO of the Ontario Financing Authority.

I know the Auditor General is in attendance, and I would like to acknowledge the important role of her and her office as well. The Auditor General plays a critical role in ensuring value for money within the public sector and works closely with the Ministry of Finance and the Treasury Board Secretariat as part of the annual audit of the province's consolidated financial statements.

I welcome the opportunity to discuss chapter 2 of the Auditor General's 2020 annual report and address some elements of Ontario's finances. Specifically, as the Deputy Minister of Finance, I welcome the opportunity to speak to Ontario's debt and deficit, the borrowing plan, interest on debt and the province's credit ratings in 2019-20.

Needless to say, Ontario's fiscal position has changed substantively since 2019-20, due to the impact of COVID-19. Recognizing that, towards the end of my remarks I will also speak briefly about the province's current fiscal position, following last week's release of the 2021 Ontario budget.

But first, I will look back at the public accounts for 2019-20, as the Auditor General did in her 2020 report. As noted by the Auditor General in her report, the province's net debt has been growing over time due to deficits and investment in capital assets. Net debt is commonly used as an indicator of the government's financial and debt position. Credit rating agencies, investors and the financial

markets use net debt as their primary measure because it represents the province's future revenue requirements to pay for past transactions and events.

While net debt-to-GDP is the primary measure of the sustainability of Ontario's debt, another key measure is interest on debt-to-revenue. This ratio represents how much Ontario needs to spend on interest for every revenue dollar received. In 2019-20, the interest on debt-to-revenue ratio was 8% below the 2019 budget forecast of 8.6%. Going forward, ensuring that net debt doesn't grow faster than the provincial economy remains a focus for the province, to protect Ontario's economy from unexpected economic shocks in the future.

The province's long-term borrowing is used to fund deficits, refinance maturing debt and make investments in capital assets. It is in the government's interest to reduce the interest costs arising from this borrowing, which, as the Auditor General noted, could be repurposed into funding for other programs. In 2019-20, the province paid \$12.5 billion in interest on debt charges. That was \$800 million lower than budgeted at the beginning of the year in the 2019 budget.

Like household debt, the province is also exposed to increased costs on borrowing if interest rates rise. The province has helped to manage interest costs over time by locking in historically low interest rates for the long term, which reduces refinancing risks and helps mitigate against potentially higher interest rates in the future.

In 2019-20, the government also took steps to address the province's finances and manage its debt burden by acting on the recommendations of the Independent Financial Commission of Inquiry.

The province's credit rating is also an important factor in the cost of future borrowing. In 2019-20, all four credit rating agencies maintained Ontario's rating as stable. This is important because lower ratings indicate that an agency believes there is a relatively higher risk that the government will default on its debt, and that could affect the interest rates the province must pay, potentially making the cost of carrying that debt higher.

As I mentioned earlier, a lot has transpired since the end of the 2019-20 fiscal year. As you are all aware, the pandemic has significantly impacted the fiscal position of governments around the globe, and Ontario is no exception. Through the course of last year, the public health situation has continued to evolve, and the province has committed significant time-limited funding in response to COVID-19, starting with the March 2020 economic and fiscal update.

In the midst of extraordinary uncertainty, the government has continued to provide regular updates throughout 2020-21, including the first quarter finances in August, November's 2020 budget and the third quarter finances in February. Last week, the government released the 2021 budget, Ontario's Action Plan: Protecting People's Health and Our Economy, which outlined the next phase of Ontario's response to COVID-19.

Like economies around the world, Ontario has been significantly impacted by the pandemic, and as observed

by the Auditor General in her 2020 report, net debt will continue to rise as the government borrows to finance its operations, including the additional funding needed to implement COVID-19 measures. In light of this, and as committed to through the 2020 budget, the 2021 budget includes an updated debt burden reduction strategy which sets out a plan for managing the province's debt burden to restore fiscal sustainability. Through this strategy, the government remains committed to reducing the debt burden by slowing the rate of increase in key debt sustainability measures and putting Ontario's finances back on a more sustainable path.

The 2021 budget, like the 2020 budget, also acknowledges the high degree of economic uncertainty that continues to persist. To enhance transparency, in addition to the province's planning projection, it's also presenting two alternative scenarios that the economy could take over the next several years. There is a scenario presented that is a slower economic growth scenario, as well as a scenario that is a faster economic growth scenario. The slowness or the fastness of these scenarios is benchmarked against the government's planning assumption, which represents the base case. Depending on these scenarios, the amount of long-term borrowing required by the province could also be impacted.

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The Chair (Mr. Taras Natyshak): You have one minute left, Mr. Orencsak.

Mr. Greg Orencsak: Great.

In closing, I want to thank the members of this committee for inviting us to be here today to discuss these matters. And I would like to once again thank the Auditor General and this committee for your work and your oversight.

As my colleagues have stated, we look forward to answering your questions, and we look forward to a productive discussion today.

I'll turn it back to the Chair.

The Chair (Mr. Taras Natyshak): Thank you very much. We appreciate all the presenters.

Now we will begin our first rotation of 20 minutes with members of the government. Mr. Barrett.

Mr. Toby Barrett: We have 20 minutes, and maybe to start off—some of my colleagues would like to jump in during these 20 minutes—comments directed to the deputy finance minister, Mr. Orencsak.

Again, we have the public accounts before us, tabled in December of last year. I'm quite heartened to see that the Auditor General has reported that the 2019-20 budget was free of material error and was fairly presented. Personally, I find that quite heartening—that we have, in that opinion, some reliable numbers before this.

My academic background is in economics, but that was so many years ago. We used fountain pens, believe it or not. There were no ballpoint pens. And we weren't using computers. My very first lecture was with John Kenneth Galbraith. I don't know whether anybody knows who that is. He served a number of presidents back in the 1960s, when I was studying economics. It seemed so simple then.

I know the people we represent—and the direction from government and from the people to make this process as open and transparent as possible, or to make the numbers open and transparent for people in your business, too, so that they can be interpreted.

As elected people, we have another challenge in trying to pass this on to the people we represent. I think it's getting worse—I think there are fewer and fewer people every year who know the difference between the deficit and the debt. I really think that is unfortunate, and they pay the price.

Here we are, on March 31, 2021—I don't know who picked the date for these hearings, but that's kind of timely. Actually, I'd prefer to talk about this serious business today, as opposed to tomorrow, April 1, which I know is an important date, as well.

Thanks to the Auditor General. We've scanned some of the report, and it really does help out, as far as all these differences between, obviously, deficit and debt and actual debt and estimated total debt and net debt and gross debt and accumulated deficits. I'm hoping during the course of the 20 minutes we can clarify some of that.

Again, thank you to the presenters at the witness table.

First of all, I heard the word "sustainable." We know the credit rating agencies use measures, and one of them is the debt-to-GDP, or gross domestic product, ratio—I think when I studied economics it was "gross national product."

Anyway, my first question: We're focusing on the 2019-20 budget, which is great, because it wasn't influenced by the virus. I think it's a great benchmark. Going forward, but again based on that particular budget fiscal year, is this truly sustainable—those kinds of debt numbers?

Mr. Greg Orencsak: That's a great question. I haven't heard "GNP" used in a while. I am an economist by training as well, so I really appreciate your thoughtful question and your thoughtful comments.

Maybe I can tackle this from a number of different perspectives.

I think what has happened through the course of the pandemic has really been extraordinary, and the government's response—all government response—has been extraordinary, from a fiscal perspective, in terms of providing very significant support to people and businesses.

I think it's important, from the perspective of an economist, to also remind ourselves that when the pandemic happened, we were already having central banks with very low interest rates, so there weren't a lot of monetary policy tools available in the tool kit of national governments to help support the economy by those means. That's why you've seen very significant fiscal measures being deployed in response to the pandemic. The result of that is, obviously, higher levels of debt and deficits.

You asked a question with respect to the sustainability of that debt burden. I think the government has been pretty clear that it remains committed to reducing that debt burden and putting Ontario's finances back on a more sustainable track. We are still very much in the midst of the pandemic, so this will take time and will also be supported by economic recovery.

As we look at what sustainability looks like, the government has set some specific goals and objectives—in particular, to slow the rate of increase in the net debt-to-GDP ratio—that will be supported by growth from the economic recovery, and we expect economic activity to pick up in this calendar year and for that to continue into the following calendar year as well. The—

Mr. Toby Barrett: I just want to jump in. I know we're not in camera or anything—but would the major credit rating agencies agree with that? I don't know whether they've commented on the most recent budget. We're, of course, trying to focus on 2019-20—but are we okay? I know they've given some a AA rating and things like that, but I just wonder what else would be going on with their analysis [*inaudible*] public statements.

Mr. Greg Orencsak: As you know, the province currently maintains a AA rating with three of its four credit rating agencies and has that stable outlook with all four rating agencies. The rating agencies will again review the province's financial plans following the tabling of the 2021 budget. I can't speak to that yet and will let the rating agencies do their work. The rating agencies have provided some preliminary commentary on the budget itself. I think it has been important and somewhat reassuring that the government's fiscal trajectory in the 2021 budget was as expected in the 2020 budget that was tabled earlier.

1300

I think rating agencies will look at a number of factors. They will certainly look at the net debt-to-GDP ratio, but they will also look at other anchors. One of the recent commentaries and research by both academics and bank economists with respect to net debt-to-GDP ratio has been that that particular ratio is comparing the stock of debt in Ontario to the flow of GDP in a single given year. It's a bit of an apples-to-oranges comparison because—if you'll allow me to be a bit more technical—you're comparing a balance sheet item to one on an income statement.

There are also other ratios and other measures of debt sustainability which we track and report on. Those include things like the net debt-to-revenue and interest on debt-to-revenue ratio. Again, the government wants to slow the rate of increase in these ratios.

If you look at the interest on debt-to-revenue ratio, for example, it shows you how many dollars of revenue it takes to service the debt. That's significantly lower than in the previous recession during the financial crisis, as a result of lower interest rates and the steps they've been taking to help reduce the borrowing cost that the province must incur, for example, by extending the term of debt. The longer that we can lock in low interest rates, the less frequently we have to roll over that debt—and lower the risk that when we do roll that debt over, we have to roll that over at higher rates.

Mr. Toby Barrett: In the province of Ontario, we have Michigan on one side, and New York state—obviously, we have to remain competitive with Ohio and so many neighbouring jurisdictions in the United States. How do we stack up compared to them? A few years ago, we always heard about the state of California. Many states are

not allowed to have any debt at all, if I'm not mistaken. With comparable jurisdictions across the border—how do we stand up?

Mr. Greg Orencsak: It's a good question.

I think there are a couple of things with respect to US states and comparing ourselves to US states: We're different than US states in the sense—and I'm just speaking to this from a rating-agency perspective—that Canadian provinces have more flexibility and more tools at their disposal than US states with respect to their ability to deliver programs, but also to raise revenues. We have our own personal income tax, corporate income tax and sales tax systems. We have our excise taxes, and we have full control over those. So I think that's seen as a very positive thing from a rating-agency perspective. It's also positive from an economic perspective. If you think about competing for investment with other states—the government has the ability to adjust its basket of incentives in a way that can help support the competitiveness of Ontario's economy. That has been important in the context of the government's response to the pandemic, as well.

If you'll recall, last fall the government announced certain changes in the tax system to make Ontario's businesses more competitive—by reducing property taxes, by reducing business education taxes, for example, because that's one of the factors that businesses look at in terms of location decisions and where to set up shop. Similar changes were made in respect of the cost of electricity that industrial and commercial consumers have to pay to bring Ontario's business costs more in line with that of other jurisdictions.

I think, ultimately, businesses are very smart and they do their homework. They look at a balance of factors in terms of where to locate a business and how they make decisions with respect to where they set up shop. The cost of doing business is really important. The ease with which you can do business in a jurisdiction is really important. And other things are really important, as well, in respect of, for example, the availability of skilled talent and the availability of supports with respect to training and retraining.

The last thing I'll say is that businesses also care about certain intangibles which are becoming more and more important. For example, they may look at how a jurisdiction stacks up compared to other jurisdictions in terms of its environmental stewardship and environmental record. In that respect, one of our competitive advantages in Ontario is that most of our electricity is derived from clean sources that are non-polluting.

Mr. Toby Barrett: Just to go back to the debt, if we have time—in this section of the Auditor General's report, there were no recommendations. There was a suggestion that there be a debt reduction strategy, and I think that has been a requirement—there may have been a pass on that because of the virus, of course.

Very simply, when is the time to get serious, not only with a debt reduction strategy—as I indicated at the beginning, I'm kind of old school. If you owe somebody money, you've got to pay it back. That may sound

unreasonable to say, given—what are we looking at in the present budget? I don't know; \$440 billion or something. This has to be paid back.

When do we get serious—and I know there's the factor of the virus—as far as reducing the debt, which means balanced budgets to start off with? Is there a plan? Should this committee make a recommendation to that effect, or do you have a recommendation for us?

Mr. Greg Orensak: What I would say to that is, there is a debt burden reduction strategy that's outlined in the 2021 budget. In it, the government recognizes that it will have to continue to make available the necessary resources to protect people and jobs for the course of the pandemic. But it is also committed to reducing the debt burden and putting Ontario's finances back on a more sustainable track.

There are some objectives that are set as part of that debt burden reduction strategy, including having the net debt-to-GDP ratio not exceed 50.5%, and introducing additional measures of debt sustainability that I talked about a little bit earlier, in terms of net debt-to-revenue and interest on debt-to-revenue, and setting an objective to have these additional measures—to see us slowing down on the rate of increase of these additional measures.

The last thing I'll say is that, obviously, not all debt is created equal. It's really important, from an economic perspective, to make sure that added borrowing has a return. And certainly, in terms of the programs that are being provided to support people and jobs through the course of the pandemic—are really, really important.

In respect of borrowing for infrastructure: When we build infrastructure, we have to borrow those funds. We borrow the cash that's required to build an asset, and once that asset is put into service, then the cost of that asset can be amortized over their useful life. But the borrowing to build that asset needs to happen up front, so the kind of infrastructure that the government builds is also very important in that regard.

1310

It all comes back to carefully making and balancing decisions that are required and that go into preparing a budget, especially a budget as important and as complicated as is the budget for the province of Ontario, which does so many things and delivers so many services as a province, and that so many people and transfer payment partners are counting on.

The Chair (Mr. Taras Natyshak): Twenty seconds left, Mr. Barrett.

Mr. Toby Barrett: So I guess there's good debt and bad debt. I certainly hate to see us going into debt to pay for compensation and the transfers that we don't seem to have much control over.

Thank you very much for that explanation.

I apologize to my colleagues; I didn't see any other hands up.

The Chair (Mr. Taras Natyshak): We'll move to members of the official opposition, starting with MPP Fife.

Ms. Catherine Fife: Thank you for appearing before the committee.

I also want to thank the Auditor General for this report.

I want to start by saying that one of the reasons public accounts is such an effective committee is that we actually get this opportunity to hold the government—and not just the government, but also the civil service—to account, and to try to measure what kind of success has been made on important issues.

I'm actually going to start today on the liabilities for contaminated sites, because I think that it tells a story of how we can be more efficient and how we can be more productive. I just reference back, because in August 2012, there was an inter-ministerial contaminated sites steering committee created by the government of the day—so I'm going back nine years. This committee had deputy ministers and the Ministries of Finance and the Environment on it. It was called the inventory working group, and it was to develop a single enterprise-wide inventory of all the province's contaminated sites.

Now you fast-forward, obviously, to 2021—although this was for 2020—reflecting back on the fact that the Canadian Public Sector Accounting Standard Section PS 3260 for this particular issue was enacted in 2015, so we are six years into the standard. As you all know, under the standard, a liability for remediating contaminated sites must be recognized when all of the following criteria set out in the standard are met—and I'm just going to go through these, because I have a question about what happens if one of these standards is not met:

(a) An environmental standard exists—of course it does;

(b) Contamination exceeds the environmental standard;

(c) The government or government organization is directly responsible for or accepts responsibility for the site—so we have some ownership in this;

(d) It is expected that future economic benefits will be given up to remediate the contamination; and

(e) A reasonable estimate of the cost of remediation can be made.

Given that the auditor has recommended that we need a uniform approach across all ministries to ensure that all identified contaminated sites are evaluated consistently, do these criteria that are set out in the standard—because it says that when all of the following criteria are met, then there is an evaluation. What happens if one of these criteria is not met before we move forward with evaluating the risk management around the contamination?

Carlene?

Ms. Carlene Alexander: Thank you very much for the question.

I will start, and then I will be turning it over to our Provincial Controller, Maureen Buckley.

I just want to give a little bit of context before we jump right into the question.

First of all, again, I want to thank the Auditor General and her staff for this recommendation. As officials, we are very committed to transparency, consolidation, completeness and providing information that enhances external financial reporting, including to the Legislature.

The public accounts currently do include liabilities for all contaminated sites for which the province is directly

responsible or has accepted responsibility for. Each ministry is responsible for identifying contaminated sites in accordance with public sector accounting standards, in particular the criteria that was mentioned, PS 3260. Ministries must perform an evaluation and annual reviews as per the Office of the Provincial Controller's environmental-contaminated-sites financial management policy. Currently, ministries are compliant with these requirements, but there is ongoing work that is going on with the inter-ministerial ADM steering committee.

I will now turn it over to our Provincial Controller to talk about some of that work and then answer the question the member has posed.

Ms. Maureen Buckley: I'm Maureen Buckley, Provincial Controller and assistant deputy minister.

Thank you very much for the question.

Just following on where the deputy left off: Yes, there are criteria that we do use in accordance with PS 3260. We look to make sure that there's existence of an environmental standard, that the contamination exceeds the environmental standard, that the government is directly responsible or accepts responsibilities, that it is expected that the future economic benefits will be given up, and that a reasonable estimate of the amount can be made.

Ministries currently review the contaminated sites on an annual basis to determine if there are any significant changes that have taken place, and then, considering the unique traits in the varying government legislation, each ministry undertakes the work for their own respective sites. The contaminated sites can be evaluated differently depending on the category of the site; for example, contaminated mine sites are subject to the Mining Act and are evaluated in accordance with that act. As you have mentioned, the inter-ministerial ADM committee provides overall guidance on this process to ensure organization-wide consistency across the risk prioritization for them.

As I mentioned, due to the variation in contaminated sites, the nature of the contaminations and the governing legislations, the criteria and the methodology used to evaluate these contaminated sites might be different. However, to ensure adequate due diligence, the government has put in place a governing framework that consists of accounting standards for PS 3260 on contaminated sites along with policy recommendations and guidelines in annual reporting requirements. So—

Ms. Catherine Fife: I'm sorry, Maureen; I'm just going to interrupt you there, because I want to get to the heart of the question.

My question is, really, why has it taken so long for ministries to have a uniform approach to evaluating and assessing risk? There is potentially a huge amount of risk and liability for the province if we are not approaching contaminated sites on a uniform basis.

I just want to point out what the auditor said: "Ministries have mechanisms in place to update contaminated sites liabilities annually as well as identify new sites." However, she noted that the processes differed across ministries. She said one ministry, for instance, has established a robust identification process that includes

reviewing engineering reports and studies in order to identify new sites—that sounds like a very thorough process—but another ministry does not perform assessments on all sites, but instead waits for reports that are being completed as part of other activities such as disposition, transfer and easement to determine if a site meets the contaminated sites criteria, and then estimates the associated contaminated site liabilities.

After such a long period of time—and I'm not saying that the intention is not there to get it right; I'm trying to understand, as a legislator, why the approach is so inconsistent.

Ms. Maureen Buckley: Let me explain a little bit further, and we'll see if that answers your question.

I think there are two pieces there. There is, first of all, the consistency among contaminated sites that have already been identified and that the province is currently recording as a liability on their books. What I spoke to earlier about the different sites speaks to a little bit of the consistency across the existing sites. There are different acts that it comes under; some of them are very different to sites. So we need to make sure that we can determine the unique characteristics of some of those sites whenever we're setting the liabilities.

1320

I think what I also heard was you referring to the ministries also determining whether they should include liability for a contaminated site, and referring to work that had to be done and maybe studies and research. I think there is a difference there and—the ongoing ones versus the new ones. I think for the new ones I talked a little bit about the accounting standards and the criteria that we need for those accounting standards. The ministries have to make sure that they do meet the requirements of the accounting standards in order to set up the liability.

Ms. Catherine Fife: Figure 3, on contaminated site assessments by year: In 2014-15, they started off at 228 sites that had been assessed, which was 83%, and in 2017-18, it was 17. Since 2018, there have only been three sites evaluated; in 2019, only three, and that's only 1%. Obviously, 2020 has been a bit of a disaster of a year.

Can you explain why this trend is moving, I would say, in the wrong direction?

Ms. Maureen Buckley: I believe the large number that you identified at first was probably when the standard came in place.

Currently, as I mentioned, the ministries that have contaminated sites are required to follow the policy, and that policy includes reviewing those sites on an annual basis to make sure—if there's any change that should happen in the liability. As I've mentioned, the Inter-ministerial Contaminated Sites Assistant Deputy Ministers' Steering Committee—they provide oversight, as well, for that. And the Office of the Provincial Controller Division—we've also developed and released an environmental contamination framework policy, which was effective May 1, 2018. That also requires the ministries to, on an annual basis, review their contaminated sites liability. That policy provides guidance in several areas,

including that the carrying amount of the liability should be reviewed at each financial statement date to determine if there is any significant new information available, which would require the liability estimated to be updated.

Ms. Catherine Fife: One of your responses back—to you personally—to the auditor, based on the recommendations, was that going forward the Treasury Board Secretariat will work with the ministries through the steering committee and that you will communicate the continued need to review contaminated sites annually to determine where new, detailed environmental assessments need to be completed or where estimated liabilities need to be updated.

Communicating is not a directive. At this stage and based on the inconsistency of the work thus far, is it—I guess the question is to the Provincial Controller. Why hasn't the Provincial Controller required ministries to put in place an annual review process of their contaminated sites liability? If we are truly trying to reduce risk and liability for the province, why hasn't that happened? Is that something that potentially could happen?

I believe that's for Carlene.

Ms. Carlene Alexander: Thank you for the question.

What I would say to that question is that we do recognize that the recommendations are very valuable, and this is why we did write that we will continue to communicate with ministries the need to do this. In saying that, we are not necessarily saying that ministries are not updating their sites on an annual basis, but there could be room for improvements in terms of exactly what information they are looking at to do these updates. As mentioned in the report, some ministries are taking a more robust view than others. So what we want is to have the inter-ministerial ADM working group look at what are some of those best practices that can be utilized in all of the different circumstances, but still recognizing that there are different circumstances in terms of the different types of contaminated sites and the different legislation that governs them. So it may not be that there's a one-size-fits-all approach. However, I do believe that there are opportunities for improvement, which is why we continue to communicate with the working group in terms of the need to look at the recommendations the Auditor General has made in this respect.

There may be additional information that the Provincial Controller, Maureen Buckley, would like to add.

Ms. Maureen Buckley: As I mentioned earlier, we do have a policy in place, and it does require the ministries to update their liabilities on an annual basis. As Provincial Controller, I'm very happy to work with that ADM group to—as you said, communication is one thing, but I'm very happy to work with them to make sure that they are following the policy and making sure that we have appropriate things in the policy; as well, to make sure that the liability is correctly reported in the public accounts.

Ms. Carlene Alexander: Maureen, do you also want to speak a little bit about the certificate of assurance process and how ministries are required to comment on their work on the contaminated sites liability through that process?

Ms. Maureen Buckley: Yes, I'm happy to talk about the certificate of assurance. The certificate of assurance is an annual attestation. It's provided by each ministry in support of the public accounts. The certificate of assurance supports the fact that there are controls in place within the ministries. Ministries conduct self-assessments, and they sign off on the attestation on the achievement of the objective of making sure that there's an internal control system. It supports the reliability of financial reporting and compliance with legislation, regulations, directives, policies and effectiveness of internal controls over government operations. Whenever we have a policy in place that ministries are to review their contaminated sites liability as part of the certificate of assurance, that would be something that they are signing off—that they have reviewed that liability and that it's appropriate for the given year of the public accounts.

Ms. Catherine Fife: In response to our report that the public accounts committee put forward, we learned that the ministries are currently reviewing existing processes related to the liabilities for different sites and groups of sites. The review is expected to be completed in September 2022. The auditor has commented back and said that by delaying the work until 2022, this creates the risk that the estimates for liabilities associated with contaminated sites is understated. The financial impact of not conducting an annual review of the liabilities is that at some point in time the province may have to book a significant adjustment for presently unknown understated contaminated land liabilities.

How do you respond to that concern that has been articulated by the Auditor General's office?

Ms. Maureen Buckley: From the perspective of the concern: Ministries do review that liability on an annual basis to make sure that the liability is recorded accurately in the public accounts.

As far as at some point having a large amount that you have to adjust for—I can't speculate on what adjustments might be needed in the future, but I can say that right now, and based on the sign-offs that we get through the certificate of assurance, ministries do review it.

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As I mentioned previously, as Provincial Controller, I'm happy to work with ministries to make sure that they fully understand the policy and the processes and procedures that they're supposed to do to look at that on an—

Ms. Catherine Fife: I'm sorry to interrupt you. We have such limited time.

So you're saying that the certificate of assurance will be a mechanism or a tool that will ensure that there is some uniform reporting from the various ministries? Or is this just something that is going to be another administrative step that ministry folks have to go through in order to be compliant with another set of compliance rules? My concern is that ministries still don't have the resources to ensure that all contaminated sites are identified and that the associated liabilities are kept up to date. But you're saying that the certificate of assurance is something that would help.

Ms. Maureen Buckley: The certificate of assurance is an existing process, so it's not a new process that we would be setting up or an additional burden that we'd be putting on ministries—

Ms. Catherine Fife: Then we know that it doesn't work, because if it's already there, and we still don't have a uniform reporting process around liabilities. We need to do more. That's all I have to say about that.

The Chair (Mr. Taras Natyshak): You have 20 seconds left.

Ms. Catherine Fife: Yes, that's all right.

The Chair (Mr. Taras Natyshak): We do have an independent member on the line with us. MPP Blais, you have three minutes. The time is yours, sir.

Mr. Stephen Blais: I just want to follow up on the questions that MPP Fife was getting at.

If inspections to the contaminated sites or a review of the liabilities are not being done annually, how can there be an accurate picture of what the potential liability actually is? They dropped from into the 200s to three a year. How is that providing a full picture of what the potential problem could be?

Ms. Maureen Buckley: The initial contaminated sites, when the new PSAB standard was put in place—that's why you saw a large increase in the initial years. Through the policies that are put out, ministries are signing off through the certificate of assurance that they do review the contaminated sites liabilities on an annual basis. That is consistent with the policies put out by OPCD, which, as I said, they sign off on. They are following the policies, and they are reviewing those contaminated sites. The large increase that you saw at the beginning was a direct result of a new standard being implemented.

Mr. Stephen Blais: Yes, but regardless of the standard, an annual review is an annual review, right? So the number of reviews that happen annually should be consistent with the number of sites that there are. The change in the standards should have no bearing on whether or not an annual review is performed.

Ms. Carlene Alexander: Thank you for the question.

If I could maybe try to bring a little bit of clarity: Each ministry is performing an annual review. However, I believe the issue that was raised by the Auditor General is around the consistency of those reviews, in terms of the fact that some ministries are doing them in different manners than other ministries, and that there may be opportunities to improve the consistency and the methods in which these annual reviews are occurring. That is an issue that the inter-ministerial ADM working group is looking at right now. But there are currently annual evaluations and annual reviews being done as per the OPCD environmental contaminated sites financial management policy and as per PS 3260.

Mr. Stephen Blais: Okay, but given the inconsistencies, there's no way to accurately reflect, then, the true risk.

Ms. Carlene Alexander: This is work that is ongoing with the inter-ministerial ADM working group.

The Chair (Mr. Taras Natyshak): We'll now move to the second round of 20 minutes, to members of the government. Mr. Parsa.

Mr. Michael Parsa: I want to start off by thanking the Auditor General and her staff, as always, for the report. It's incredibly helpful. Thank you very much, Auditor.

I want to thank all of you for appearing today. It's great to see so many of you. I want to thank you not just for appearing here today, but for all the work that you've been doing; in particular, in the last 12 or 13 months during this pandemic. It has been incredibly helpful to the people.

My question is going to be on the relationship—and I was going to preface it by telling you why, but in the interests of time, because we have a few of my colleagues who really are interested in asking you some questions, I'm going to skip that part. I want to ask you about the relationship with the Office of the Auditor General. For me, a strong relationship with the Office of the Auditor General is really critical to ensuring that the government of Ontario is accountable and transparent to the people of Ontario.

In addition to providing her annual report, where the auditor prepares special reports and an opinion on whether the province's public accounts are presented fairly—recognizing the role that the auditor has in the province's finances, and in particular, again, going back to 2018—the reason I'm asking you this is because I go back to hearing the conversations back in 2018, when I was running.

I want to know, what has the government done to improve that relationship with the Auditor General's office?

The Chair (Mr. Taras Natyshak): Ms. Buckley?

Mr. Michael Parsa: I don't know who wants to answer.

The Chair (Mr. Taras Natyshak): Ms. Buckley, go ahead.

Ms. Maureen Buckley: Thank you for the question.

In order to foster a strong working relationship with the Auditor General's office, which, I definitely agree with you, is very, very important to me, the Office of the Provincial Controller Division—we identify and we discuss accounting issues with the Office of the Auditor General, and we do that proactively. In the past couple of weeks, we've definitely been working very, very closely with the Auditor General's office. We do that proactively because we want to seek input from them.

We've actually established a new process since, you referenced, 2018, whereby staff from both groups—the Auditor General's office and my office—meet monthly to discuss new and outstanding high-risk matters for which the Office of the Auditor General's involvement is required or where their consideration is important to us.

High accounting risk issues: It refers to those issues that potentially have a significant financial impact on the public accounts and the fiscal plan. They include things like the accounting treatment or presentation of a transaction or an item or a government decision in the financial statements, and also where there could be reasonable doubt as to the appropriateness of a related accounting

treatment or presentation under the relevant financial reporting framework.

As part of that, we've also developed a restricted collaborative space on our financial management gateway, which can be used by the Office of the Auditor General of Ontario's staff. The collaborative space facilitates the technical sharing of accounting notes, support files and the maintenance of an inventory of items that we've discussed with the Auditor General's office. This really enhances communication and information flow.

In addition, a public accounts SharePoint site was introduced in the 2018-19 public accounts to further improve the flow of information between the Office of the Provincial Controller Division and the Office of the Auditor General. Some examples of the information shared with the Office of the Auditor General on the SharePoint site include weekly consolidation financial information updates; supporting documentation from ministry accrual journals, those that exceed \$20 million; ministry supplementary templates; and audited financial statements for the consolidated entities. So it really helps in our public accounts process.

Technical accounting notes also developed by my office or the ministry are also shared with the Office of the Auditor General of Ontario, who will then follow up, if necessary, with any questions or clarifications. This leads to back-and-forth discussion and sharing of ideas and sharing of conclusions between us in a very proactive and professional manner. The process concludes with the Auditor General issuing a formal letter, stating her position on the issue.

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We, also, as a provincial controller division, meet with the Office of the Auditor General on a weekly basis each year during the public accounts cycle just to make sure that we're both discussing the issues and keeping the lines of communication open. That's really important as we move—

The Chair (Mr. Taras Natyshak): If I might cut you off just for a second—as Chair, I'm not going to intervene; I'm going to allow the members to do that in the middle of your debate. Please don't take offence to when they jump in. We're time-limited here.

I believe Mr. Parsa has another question. I'm going to allow him to jump in now if he'd like.

Mr. Michael Parsa: Thanks very much, Chair. And thanks very much for the answer.

Would you say that that relationship has improved since 2018? That's very important, not just to the people we're accountable to, but also to this committee, because a lot of our work is as a result of the work the Auditor General does. So thanks for clarifying that.

If you don't mind, if we can get a very quick response, so my colleagues can also get their questions in—that is on the use of external auditing and consultants. The Auditor General is the province of Ontario's auditor, but I do understand that some government organizations have a history of using external consultants to provide accounting advice and then using those firms to audit organizations. I

know that this particular issue has been highlighted by the Auditor General over the last few years. I'm just wondering if there are any steps that the government has taken to address this issue.

Ms. Maureen Buckley: Thank you for that question, as well.

Again, we have worked very hard over the past several years to look at this and definitely improve the way we do it and work with the Auditor General on it.

At the Office of the Provincial Controller division, we implemented the accounting consultation request form process, which was a response to the recommendations in the Auditor General's annual report that you noted. Through this, the Auditor General is given advance notice and is asked for comments regarding the use of any external auditing firms that are being asked to perform either audit or accounting advice. Government ministries are required to notify my office, the Office of the Provincial Controller division, and the Office of the Auditor General and seek comment prior to engaging any external accounting advice. Agencies and crown corporations are also encouraged to notify both of our offices when they engage external accounting advice. The ministries and agencies also attest to these requirements, again, through the certificate of assurance process that I spoke about a little bit earlier.

I hope that answers your question.

Mr. Michael Parsa: Thank you very much. I appreciate it.

Chair, my colleague Rudy Cuzzetto would—

The Chair (Mr. Taras Natyshak): Sure. Mr. Cuzzetto, the floor is yours.

Mr. Rudy Cuzzetto: Thank you very much for giving me this opportunity today.

In September 2018, for the first time in the previous three years, the Auditor General, Bonnie Lysyk, issued a clear audit opinion on the province's consolidated financial statement. She wrote, "The government is now following Canadian public sector accounting standards, thereby ensuring reliability and trust in the province's reporting of its financial results."

Can you tell the members of this committee today why receiving a clear audit is so important to the people of Ontario? Anyone?

Ms. Maureen Buckley: I can answer that.

The public accounts—it's a very important document for us, and we do want to make sure that it is prepared in accordance with the public sector accounting standards. Getting a clean audit opinion on that makes sure that people know that they can rely on those statements and that there is transparency and trust in those statements. That is one reason why we definitely want to have a clean audit opinion on that.

Mr. Rudy Cuzzetto: Could you please elaborate on the importance of following the rules of PSAB and the importance of a clean audit opinion, as well?

Ms. Maureen Buckley: As I mentioned, the government does follow PSAB, and that is used across Canada by Canadian jurisdictions. It's very important for us to be

able to say that, as a province, we do follow PSAB and that we are consistent with other jurisdictions. In following PSAB, that gives us a clean audit opinion, and that clean audit opinion, as I mentioned earlier, leads to both trust and transparency in the financial statements. Readers of those financial statements know that they can rely on the financial statements and the numbers included in them.

We have received a clean audit opinion for the past several years. We're very happy we have that and, definitely, that's something that's very, very important to us.

The Chair (Mr. Taras Natyshak): Ms. Hogarth?

Ms. Christine Hogarth: Thank you all for being here today.

Just to follow up on my colleague Mr. Cuzzetto's question: You mentioned in your response, at first—talking about the importance of public accounts. I know the public accounts is an important document, an important proof point of how the government has managed the province's finances. I'm wondering if you can explain a little bit more about what work goes into the preparation of these public accounts.

Ms. Maureen Buckley: Each year, the public accounts are prepared by the Treasury Board Secretariat, and the province's consolidated financial statements are independently audited by the Auditor General. The public accounts consist of the province's annual report, including the province's consolidated financial statements and additional financial information. The annual report presents the province's financial results and its programs on the government's priorities, as well as the activities and indicators of financial position for that fiscal year. It compares the actual financial results to the budget plan, as was noted earlier, and explains major differences. The annual report also outlines financial trends over the past several years and reports on performance in key sectors.

The annual report includes two main sections: the financial statement discussion and analysis section, which gives a narrative explanation of the province's financial performance and position, and the consolidated financial statements section, which details the financial activities of the government of Ontario. They are audited consolidated statements, which bundle all the ministries and organizations controlled by the government into one entity for the reporting purposes. This allows for a high-level view of the government's financial activities against the plan and the prior year's results.

There are five consolidated financial statements. There's the Consolidated Statement of Operations, which gives a snapshot of the government's income compared to expenses or the cost of providing programs and services and financing the debt. There's the Consolidated Statement of Financial Position, which shows the province's net debt, which is an expression of total obligations minus financial assets. Thirdly, there's the Consolidated Statement of Change in Net Debt, which allows the impact of financing the annual deficit and investing in capital assets, such as highways, bridges and government buildings. Next, there is the Consolidated Statement of Change in

Accumulated Deficit, which shows the impact of the annual deficit and restatement adjustments due to changes in accounting standards. And finally, there's the Consolidated Statement of Cash Flow, which shows the sources and uses of cash over the fiscal year. Sources of cash include taxes and other revenue, increases in debt and decreases in financial investments. Uses of cash include operating costs and investments in infrastructure and other assets. The users can refer also to the notes and schedules for more information on the various statements and a summary of the province's accounting policies.

Also included in the consolidated financial statements section is the Auditor General's report. This report expresses the opinion of the Auditor General as to whether—

Ms. Christine Hogarth: Just one second.

Chair, how much time do I have? Because I have one more question.

The Chair (Mr. Taras Natyshak): You have five minutes, Ms. Hogarth.

Ms. Christine Hogarth: I'm wondering if I can ask you one more question, and it's not that—I do want to hear all of that, but I want to get my last question in quickly, so maybe if you have time you can complete your thought there.

My other question is actually with regard to COVID-19. Throughout the Auditor General's report, she talks about administrative delays creating challenges and setting long-term reduction targets. She mentions "risks and uncertainty associated with projecting economic information," again, on page 30, and, "The COVID-19 pandemic significantly disrupted the activities of many organizations within the public sector." COVID-19 is mentioned throughout the Auditor General's report. It has impacted every aspect of the government.

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I was just wondering if you could tell the committee whether, and how, the pandemic impacted how you prepare the public accounts. How did you deal with that? It is "unprecedented," as we've said all year, every single day. I was just wondering if you could expand on that and then touch on the other answer as you go along.

Ms. Maureen Buckley: Without a doubt, COVID-19 impacted public accounts last year. People will remember that it was declared an emergency right around the middle of March, as we were gearing up for year-end, which was March 31.

In light of the pandemic and the government's direction to have staff work remotely, in March 2020 the Office of the Provincial Controller Division delayed the year-end activities and timelines for three weeks. We did this to allow ministries and staff to be able to address technical issues, mostly from their planning processes, and address any unforeseen issues that may arise, enabling staff to work remotely on year-end activity. We also did this because, at the time, some of our consolidated agencies, like hospitals for example, were in the midst of pandemic planning and needed all staff to be hands on deck for that. We also had colleges that were working to look after students who were here from out of country. So there was

a lot of pressure on the system at the end of March. By pushing out the year-end deadlines a little bit, it really helped them.

As a result, the public accounts process was delayed by the three weeks from the typical timelines. We worked very, very closely with the Office of the Auditor General at that time to think through what our opinion date might look like.

Although the processes were delayed, the public accounts were released by the legislated deadline, on September 23. The legislated deadline for that was September 27.

As I mentioned earlier, we worked very, very closely with the Auditor General's office to push the opinion date out a little bit later than what it would normally have been, again, to give the ministries and consolidated entities time to get their information to us, give us time to do our work, and also give the Auditor General's office time to do their work.

By declaring a state of emergency, which the province did on March 17, it protected the health and safety of all individuals and families to help contain the spread of the outbreak.

The Chair (Mr. Taras Natyshak): With one minute left on the clock—this is a one-minute warning—I'm going to allow Mr. Barrett to try to squeeze in a one-minute question.

Mr. Toby Barrett: Thank you, Chair.

I was wondering about the difference between a comptroller and a controller, so I googled it, and it looks like somebody made a spelling mistake a couple of hundred years ago.

We have a new position in the province of Ontario: comptroller. I don't think there's time for the answer as far as the division of labour here and how it works in companies—I don't know whether they use that term in the United States or not, Deputy Alexander.

The Chair (Mr. Taras Natyshak): Twenty seconds.

Ms. Carlene Alexander: The quick answer is that the Provincial Controller reports to the Comptroller General, but the Comptroller General has broader responsibilities, which include risk management and internal audit, as well.

The Chair (Mr. Taras Natyshak): We are moving to members of the opposition for 20 minutes. Madame Gélinas.

M^{me} France Gélinas: My questions will have more to do with children's aid, but I want to finish where my colleague left off.

You repeated a number of times that the ministry does reviews annually on the contaminated sites, yet—I'm the MPP for Nickel Belt; my riding is full of abandoned mine sites. You may have heard about the Long Lake gold mine that is leaching arsenic into a beautiful lake within the city of Greater Sudbury in my riding, but there are some of those abandoned sites all over my riding. They all leach, and they are all on the list of contaminated sites. Most of the time, there are people living on those lakes who are very interested in remediation, mainly, but they follow those sites.

To say that the ministry reviews annually, that they sign certificates of assurance that they have reviewed—when on the ground, we filed for freedom of access to information, to see that, yes, they were reviewed in 2014-15, they were identified, they are on the list, but since then nothing has been done that can be shown to us. Some of those ministry workers are pretty upfront with me and they say, "France, we haven't got the staff, the time or the money to go back and do any kind of a review. The review was done in 2015, when this first started. This is what we estimated or is our best guess as to the liability costs of those sites."

Nobody can show me that any work has been done since then, yet I have the Comptroller of my province telling me they have signed certificates of assurance that this work has been done. I am torn.

Can anybody explain to me why what I hear on the ground and what I hear from the leadership of my province is hard to reconcile?

The Chair (Mr. Taras Natyshak): Auditor General?

Ms. Carlene Alexander: Thank you for the question. This question may be—

The Chair (Mr. Taras Natyshak): Hold on. Sorry, Ms. Alexander. I acknowledged our Auditor General, who is in the room, first—and then I'll move to you, if you don't mind.

Go ahead.

Ms. Bonnie Lysyk: I just want to add a comment here, and maybe this will clarify it.

Right now, in terms of the governance and controllership framework in Ontario, the Provincial Controller has to rely on signed statements from the ministries in terms of what the ministries have done. I think the thing is that there isn't authority from the Provincial Controller to go back and review or question that right now.

What we found is that, yes, there are attestations that the work has been done, but when we looked closer, based on figure 3 in the report, we did find and conclude that the annual reviews are not taking place at all the sites. Yes, in 2014-15, there was a complete assessment done, and I think our expectation, in terms of the recommendation, is that the depth of that type of review can't be done every single year because of resource constraints, but we would recommend that it be done more frequently, that they take a look at the studies that were done, how the estimates were based, and review that for inflationary changes, review it for new information on those sites, and that there be some kind of routine process, whether it's on a cycle basis—it just needs some more thought given so that it's not five years between a first visit to a site and another reassessment of the site.

I think the controller's office is relying on a certificate of assurance. But again, we did the work—we found that more work probably needs to be done by respective ministries before they sign off on a certificate of assurance, in this case on contaminated sites.

1400

The Chair (Mr. Taras Natyshak): Ms. Alexander, please go ahead with your comments.

Ms. Carlene Alexander: I just want to say thank you very much to the Auditor General. That was very helpful context and clarification.

Those questions may be best directed towards the ministries because of exactly what the Auditor General just outlined in terms of—we are relying on information that has been presented to us through the signed certificates of assurance from the ministries. We certainly will work with and continue to work with the inter-ministerial ADM working committee, but in terms of a particular site in a particular area, those questions would best be directed to that particular ministry which has responsibility.

M^{me} France Gélinas: Okay. Thank you.

My question has to do with the children's aid societies. Again, I have a number of children's aid societies that help the people of my riding. It is hard to get financial information from them, and the information that we get is really dated. There are a number of families in my riding that have huge conflicts with the different children's aid societies that help people in my riding.

What is the controller's relationship toward holding children's aid societies accountable for submitting their financial statements within the deadline?

Ms. Carlene Alexander: Thank you for the question. I will start and then turn it over to our Provincial Controller to supplement.

It is actually the responsibility of the Ministry of Children, Community and Social Services, as they are the accountable and responsible ministry for the children's aid societies, to work with those organizations to receive their financial statements on time. I believe that there are processes in place to ensure timely receipt of those financial statements.

Perhaps I could ask Maureen Buckley to supplement that with some of the conversations you've had with MCCSS on this topic.

Ms. Maureen Buckley: I'm happy to jump in here.

Yes, the Ministry of Children, Community and Social Services does work closely with the children's aid societies to receive those audited financial statements. It's my understanding from the ministry that they have received all the 2019-20 financial statements now from those children's aid societies. Regulation 156/18 of the Child, Youth and Family Services Act, 2017, states that a society shall provide its audited financial statements to the ministry on or before the last day of the fourth month following the end of its fiscal year, so on or before July 31.

The ministry works collaboratively with all the societies to meet this requirement. However, in the past year, there were some challenges associated with COVID-19, which we talked a little bit about earlier, that led the ministry to provide some additional flexibility on the reporting timelines for its TP recipients, which would include the children's aid societies. However, as I noted earlier, they have received all the 2019-20 audited financial statements now.

M^{me} France Gélinas: In March 2021.

The problems that we've had in gaining access to financial statements from children's aid societies pre-date—we didn't even know what COVID-19 was at the time and we were having problems.

Your office has no way to help the ministry make sure that their transfer payment agency in this particular—that children's aid societies meet those deadlines? I've been here for 14 years, and some of them have not met the deadline of July for all of the time that I've been here. Does your office do anything with this, or do we continue to say, "It's the responsibility of the ministry. We don't help them. We don't hold them. We just—"

Ms. Maureen Buckley: My office doesn't directly ask for those statements. It is done, as I mentioned, through the ministry and through the regulation under the Child, Youth and Family Services Act. Through that, the ministry should be working with the agencies to try to get those in a timely manner.

I can't speak for the ministry and the efforts that they might have done. It sounds like, from your question, it has been quite a number of years that some of them haven't met that date, but that's not something that I have direct knowledge of, unfortunately. That question would be something that the ministry would be better able to answer.

M^{me} France Gélinas: The auditor also talked about consolidating the children's aid societies' financial statements into the provincial statement. We saw the response you gave to that recommendation. I'm just curious to know, where is it at? Is this something that you see as positive? Given that every other province is doing it, I'm also a little bit surprised—why is it that Ontario doesn't?

Ms. Carlene Alexander: I will start and then turn it over to the Provincial Controller.

We are definitely committed to transparency and consolidation completeness and ensuring that we are providing information that enhances external financial reporting. Having said that, we are working very closely with MCCSS to look at the benefits and the impacts of consolidating the children's aid societies.

It's not necessarily straightforward. In terms of the fact that organizations are consolidated on the books of the province when they are controlled, there are a number of different factors to consider to determine whether or not government controls an organization. There are some complexities when it comes to some of the children's aid societies.

I will ask the Provincial Controller to provide an overview of some of the work that has been done and where some of those complexities have arisen and where we're at with that.

Ms. Maureen Buckley: As Deputy Alexander mentioned, in assessing whether children's aid societies should be consolidated or not, there are a number of control factors that need to be considered:

—looking to make sure that the government has power to unilaterally appoint or remove a majority of the members of the governing body of the organization;

—whether the government has ongoing access to the assets of the organization and has the ability to direct the ongoing use of those assets or the ongoing responsibility for losses;

—whether the government holds the majority of voting shares or a golden share that confers the power to govern the financial and operating policies of the organization; and

—that the government has unilateral power to dissolve the organization and therefore access its assets and become responsible for its obligations.

Some other indicators that may provide evidence of control exist when the government has the power to:

—provide significant input into the appointment of members of the governing body of the organization by appointing a majority of those members from a list of nominees provided by others or being otherwise involved in the appointment or removal of a significant number of members;

—appoint or remove the CEO or other key personnel;

—establish or amend the mission or mandate of the organization;

—approve the business plans or budgets of the organization and require amendments, either on a net or line-by-line basis;

—establish borrowing and investment limits that restrict the organization's investments;

—restrict revenue-generating capacity of the organization, notably the sources of revenue; and

—establish or amend the policies that that organization uses to manage.

That's quite a large number of things to look at. For each one of those indicators, it can apply in a particular circumstance. The degree of governance, of government influence, would determine the importance of the evidence of the control, and in weighing its evidence, it would be necessary to consider the indicators collectively as well as individually.

The ministry has a large number of criteria to look at in determining whether these children's aid societies are controlled and should therefore be consolidated. The ministry is currently reviewing that right now. There have been some policy changes made recently in regard to children's aid societies, so they are going back and looking at that control criteria in regard to the policy. That's work that's ongoing now. Once they do that and look at the control with the children's aid societies, they will talk to us, as the Provincial Controller division, about it, and we will also engage the Auditor General to be able to look at whether the control exists for those and therefore they should be consolidated.

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M^{me} France G  linas: Auditor, did you want to say something? Go ahead.

Ms. Bonnie Lysyk: I'll just provide some context. Right now, the government transfers the money into the children's aid societies, and that transfer is currently booked as an expense in the government statements. I think it comes back to the assets and the liabilities. There

isn't what we call a line-by-line consolidation of the children's aid societies. Definitely, the expenses are being recorded. All other provinces are doing this.

The other point here is, the controllership function is a little bit different in Ontario in the sense that in the case of the situation now, we do know that, looking at the facts of the situation up until March 2020, we did have agreement with the controller's office on the consolidation control issue. But what happens sometimes is, when ministries become involved, it does become more of an issue—not so much from the accounting side, but from the public perception of consolidation. So will the children's aid societies view themselves as being controlled or not controlled?

From an accounting perspective, I think we're very comfortable that they're controlled because of economic dependency on the money from the province and the delivery of public sector services on behalf of the province—but I think it's the optics side. We do know that, for example, in western Canada, some of the Indigenous children's aid societies might not be included to address some of that perception, as well, and there might be more independence in that area.

We will continue to work with the controller's office. And I just want to reiterate, I think this is a great group of people here and we've worked very closely with them. Sometimes, because of the nature of the controllership framework in Ontario, it's not always just the Provincial Controller that would make a decision. It does sometimes go back to the ministries and leads and the deputy ministers in the ministries. But we will continue to work on this issue and get some clarity around it.

It's not an issue where the expenses don't reflect on the bottom line, necessarily—it is more of a public understanding that these are economically dependent organizations on provincial money. That's key here.

M^{me} France G  linas: I was just wondering if the Ontario Financing Authority chief executive director could give us a little bit of a dive into who Ontario borrows its money from.

Mr. Gadi Mayman: I'm Gadi Mayman, chief executive officer of the Ontario Financing Authority.

The answer is that we borrow money from institutional retail investors, both in Canada and around the world. We have a target to complete between 65% and 80% of our borrowing in the domestic market, in the Canadian market. That consists of investors as wide-ranging as pension funds, banks, insurance companies. The mutual funds that you may own will invest on your behalf in our bonds.

Internationally, it's mainly institutional investors—it's central banks from around the world; it is the same sort of large investors as we have in Canada. Those investors buy our bonds in currencies other than Canadian dollars, mainly, but sometimes in Canadian dollars as well. So they'll buy our bonds in US dollars, in euros, in pounds sterling. Then, we take that money we raise in those foreign currencies and we perform transactions that bring them back to Canadian dollars so that we're not exposed to foreign currency risk.

We have limits as to how much foreign currency risk we're allowed to take—which is up to 3% of the total debt that we have, but we actually take considerably less than that; it's well under 1%. Almost always, when we borrow in a currency other than Canadian dollars, we do something called “the swap,” which is how we translate it back into Canadian dollars.

The Chair (Mr. Taras Natyshak): Thirty seconds.

M^{me} France Gélinas: Do you know who all of those investors are or do you just know the intermediate—you know the banks, you know the mutual funds. But do you also know the investors?

Mr. Gadi Mayman: We don't actually sell the bonds directly to those investors. What happens is that the underwriters do that, the banks that you just mentioned—so the big banks in Canada and, internationally, the banks that underwrite our bonds. They're the ones who underwrite it, so—

The Chair (Mr. Taras Natyshak): Thank you very much, Mr. Mayman. I have to cut you off there, unfortunately.

We're going to move to the independent members for three minutes. Monsieur Blais?

Do you see him on the screen?

Interjection.

The Chair (Mr. Taras Natyshak): Mr. Blais? Last call.

Okay. We're going to move to the third round, which with the remaining time we split—11 minutes? So it will be 11 minutes to you, 11 minutes to the official opposition, and then another three-minute round, and we'll see if Mr. Blais is there. Unfortunately, we're going to have to skip Mr. Blais.

We're going to move—before we do, I want to confirm: Mr. Thanigasalam, could you just tell us that you are indeed the MPP and that you are in Ontario?

Mr. Vijay Thanigasalam: I'm MPP Vijay Thanigasalam, currently at Queen's Park, Ontario.

The Chair (Mr. Taras Natyshak): Thank you very much.

With that, we're going to, again, start off the 11-minute round with Mr. Anand. Go ahead, sir.

Mr. Deepak Anand: Thank you for giving me the opportunity to ask.

Chair, I want to talk about enterprise risk management. It is a best practice in the private sector, and I have seen it, coming from my background. It is critically important to ensure taxpayer dollars are not wasted. My understanding of enterprise risk management is that it prevents problems from happening—rather than going to our Auditor General and having an audit after the fact. I think this is really important, and I just want to dive deeper into this issue.

Per my understanding, a chief risk officer is the executive accountable for enabling the efficient and effective governance of significant risk and related opportunities. I understand we have a Chief Risk Officer.

Can you please tell me more about the Chief Risk Officer's responsibility in terms of government roles?

Ms. Carlene Alexander: Thank you very much for the question.

Yes, we do have a Chief Risk Officer who acts as an assistant deputy minister, and she reports to me, the Comptroller General. The Chief Risk Officer is responsible for leading the chief risk office. They set risk policies and improve risk capacity across the Ontario public service, identifying risk trends across the enterprise and advising tables of key decision-makers, including Treasury Board/Management Board of Cabinet.

In particular, some of the major responsibilities of the Chief Risk Officer include:

- leadership of a nimble, high-performance team within Treasury Board Secretariat that is responsible for supporting enterprise risk through Treasury Board/Management Board of Cabinet and other decision-makers by establishing an OPS-wide-level risk profile and a single source of reporting for all enterprise risk information across the organization based on ministry ERM information stemming from the enterprise risk management directive;

- coordinating, improving and streamlining risk information reporting for decision-makers, including key risk indicators and dashboards; and

- independently monitoring and providing effective challenge to risk information provided by ministry ERM programs.

The Chief Risk Officer is also responsible for the development, implementation and evaluation of all of our ERM policies, programs and processes.

The chief risk office ensures:

- cross-enterprise consistency with common language processes and tools to enable risk comparisons;

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- alerting Treasury Board/Management Board of Cabinet to emerging issues and changing risk scenarios in collaboration with ministries;

- the provision of consulting services support to ministries, including working with ministry ERM leads on time-limited major transformational project development and implementation;

- selection and development of I&IT processes and tools to improve risk identification, assessment and mitigation;

- advising on and approving OPS risk appetite and tolerance levels and statements;

- enhancement of risk management capacity and capability across the OPS through the provision of in-person and online training;

- providing objective and independent risk advice to the OPS;

- monitoring implementation of effective risk management practices by ministries; and

- providing secretariat support for the enterprise risk management committee or other central agency tables or committees assigned to oversee Ontario public service enterprise risk management as it pertains to issues, including determining the date, time and locations of meetings, preparing agendas, developing coordinating materials etc.

The development of the centralized focus enterprise risk office, led by a dedicated Chief Risk Officer, will ensure that enterprise risk management is implemented across the enterprise in a comprehensive and coordinated manner in accordance with internationally accepted best practices. In particular, the risk office will:

- ensure risk reporting informs decisions and action plans;

- recognize that ministries are best positioned to recognize, identify and mitigate those risks;

- direct horizontal audits to uncover trends across sectors, not duplicate existing functions or make central agency decision-making more complicated for ministries to navigate;

- enhance ERM in support of the new directive;

- enable current frameworks for internal control, evidence-based decision-making and ERM;

- align with the current oversight role of TBS, providing strategic direction and support to all ministries;

- build finance risk and controllership capacity within the entire OPS, ensuring consistency of standards and expectations across the organization;

- provide clarity in governance and accountabilities, and ensure that capacity is aligned for successful implementation; and

- conform with the independence required of the internal audit function.

That's maybe a little bit more than you asked for, but I hope I covered off your question.

Mr. Deepak Anand: Yes, absolutely, you've covered it well.

I want to touch base a little bit on the enterprise risk management that you talked about. I want to know how it applies to the financial planning and the preparation of the public accounts. Knowing how important enterprise risk management is to prevent government waste, I want to ask you: Can you tell me what steps the government took in 2019 and 2020 to improve the enterprise risk management—and hopefully, with an example? I'm actually on your website, on the Ontario public service enterprise risk management framework—so if you can elaborate a little bit on the framework, as well.

Ms. Carlene Alexander: Enterprise risk management is the systematic practice of identifying, assessing, prioritizing and managing the uncertainties of an organization such as within the Ontario government. It is a best practice in the private sector. It includes forecasting and managing strategic operational and external risks, enhancing internal oversight of the province's finances, and embedding accountability for taxpayer money into the province's decision-making process.

Enterprise risk management was recognized in the 2019 budget as an important enabler of the government's ongoing efforts to provide improved services and outcomes for Ontarians. It was also reinforced in the line-by-line review of government spending conducted by Ernst and Young in 2018. More specifically, the line-by-line review highlighted the need to integrate enterprise risk management across all ministries and provincial agencies to build

a culture that manages public resources responsibly, while improving government programs and services.

Enterprise risk management considers all types of risks faced by an enterprise or an organization. In the case of the Ontario government, ministries consider risks across a broad range of categories. That does include financial risks, human resourcing risks and information technology risks, as well as risks to ongoing operations, the success of projects and initiatives, business continuity and organizational strategies.

Since 2014, the Ontario public service has had an enterprise risk management unit. This unit was tasked with initiating a multi-year project to develop and implement an enterprise risk management mandate. This—

The Chair (Mr. Taras Natyshak): Ms. Alexander, I'm sorry; I have to stop you there. We have a question from Mr. Crawford.

Please go ahead, Mr. Crawford.

Mr. Stephen Crawford: Thanks to everyone for presenting today.

I know the contingency fund has been in the news recently, and I think it's important Ontarians understand what this is and the buffer that—it basically is there to guard against unforeseen circumstances, obviously COVID-19 being one that we've stumbled across in the last year. So this is important. Recognizing today's conversation, I just wanted to get a sense on—if you could let me know how it was used in the 2019-20 fiscal year.

Ms. Carlene Alexander: Thank you very much for the question. That would be a question for my colleague Deputy French.

Mr. Kevin French: Thank you for the question.

I did touch briefly on the importance of contingency funds in my opening remarks, but I'm happy to speak specifically to contingency funds and then more directly to the question related to 2019-20.

Maybe just to dive a little deeper on contingency funds and what they're used for—they're built into the government's fiscal plan to help mitigate expense risks that could otherwise adversely affect Ontario's fiscal performance. In particular, the funding may be used for cases where health and safety may be compromised or where services are most vulnerable or jeopardized. The contingency fund levels are reset annually through the government's multi-year planning process. They take into consideration the highest-likelihood risks that are identified by ministries for the sectors throughout the year and overall from a ministry-by-ministry point of view.

The funds allow for additional spending that may come about due to unforeseen events. These funds are held centrally in the Treasury Board Secretariat, so they're held within the ministry that I have oversight for—

The Chair (Mr. Taras Natyshak): My apologies, Mr. French; I have to interrupt you there.

We are going to move to the official opposition for the last round of 11 minutes. Madame Gélinas.

Mme France Gélinas: I just have a few questions, and then my colleague will finish.

Deputy Orencsak, you mentioned in your opening comments that we have a debt burden strategy. You talked about the bench case, the two scenarios with the slow growth, fast growth.

If we compare our debt burden strategy—do we ever compare our strategy with other provinces, and are any of them any clearer than ours?

Mr. Greg Orencsak: Thank you for the question, Madame Gélinas.

Not every province has a debt burden reduction strategy; Ontario has one by virtue of the legislated requirement in the Fiscal Sustainability, Transparency and Accountability Act. But in the absence of being able to compare debt burden reduction strategies, we certainly look at comparing some of the debt loads that Ontario carries against those of other provinces. We do keep track of those kinds of metrics, and they are definitely informative.

M^{me} France Gélinas: I realize that this is included in the budget that was just presented. When I read this section, I have a hard time making sense out of it. So I was wondering, is there another way to explain those things, or is this the way it's done and I just have to learn someplace how to read those? I'm not too sure.

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Mr. Greg Orencsak: I appreciate your feedback.

We've talked about, earlier, why it's important to have transparency and accountability. I think that works best if information is presented clearly to readers and readers are able to make good use of that particular information.

I think one of the things that I would point to in that regard, as well—and there are a number of ways in which we try to support that transparency and accountability. Because we are here talking about the Auditor General's public accounts chapter, what I would point you to, MPP Gélinas, is, as part of presenting the public accounts of Ontario, the government presents its financial statements, it presents ministry statements and schedules, but it also presents an accompanying document, which is the annual report for the public accounts. I have it here with me in hand.

As part of this report, there is a narrative called the management discussion and analysis. As part of that narrative, we obviously talk about the numbers, but we also describe some of the non-financial activities and also go some ways to explaining what some of the key financial ratios mean and why they're important. For example, on pages 30 to 31 of that report, we talk about those, which are maybe complementary reading to support some of the financial information that the government does present to legislators and members of the public.

The Chair (Mr. Taras Natyshak): Ms. Fife?

Ms. Catherine Fife: Thank you very much for providing some clarity on some of the questions that were presented today.

I'm trying to decipher some of the accounting for transfer payment program costs and contracts in the 2019-20 public accounts. The auditor reported that, in total, the annual deficit reported in the province's 2019-20

consolidated financial statements appropriately included \$212.4 million of expenses pertaining to five items that she has listed here, and then it went up to \$233.5 million—oh, it was prior. I'm sorry. Prior, it was \$233.5 million.

The five items are the Ontario Autism Program in interim one-time payments. In 2019—and then in 2020-21, I guess it's projected at \$173.6 million. And then the feed-in tariff and large renewable project was \$233.5 million. The cancellation, I believe, of the Hamilton light rail transit program in 2019-20 was \$115.8 million. The blue licence plate redesign—you have it here, I think, as \$1 million as a deficit for that. And then the Nation Rise Wind Farm judicial review—I was just reading about it. This is when the government took—

Interjection.

The Chair (Mr. Taras Natyshak): Sorry to interject.

Ms. Catherine Fife: I was talking.

The Chair (Mr. Taras Natyshak): I know.

Ms. Catherine Fife: Jeez.

The Chair (Mr. Taras Natyshak): Well, that's why they give me the big stick here.

Unfortunately, there is a vote that will be taking place. It's a 30-minute bell on the adjournment of debate. I'm going to recess committee right now and allow members to go and vote and then come back at the end of the vote.

Yes?

M^{me} France Gélinas: Can I ask for unanimous consent that we finish her four minutes and we take the extra 26 minutes to go vote?

The Chair (Mr. Taras Natyshak): We can do that with unanimous consent.

Mr. Michael Parsa: We're okay here, Chair. There are members who are in their offices that are sitting in front, so perhaps we can allow them—but other than that, yes, absolutely.

The Chair (Mr. Taras Natyshak): Okay. For the members of the committee, we can do that. I apologize if that was abrupt, but this is what we have to do.

Go ahead. We'll continue the four minutes and seven seconds you have on the clock.

Ms. Catherine Fife: Okay. Also, you scared me.

The Chair (Mr. Taras Natyshak): That wasn't the intent. I apologize.

Ms. Catherine Fife: I know. It's a little bit too aggressive.

The Nation Rise Wind Farm—the government lost this case in court, and so it's showing an estimated impact on the annual deficit of \$0.1 million.

I guess my question is around if these are firm numbers, because the court case and the impact of that court case, for instance—and then I know that there's litigation with the Hamilton light rail transit, and I know that there is potentially some further litigation around licence plates and the redesign, and certainly there are cases before the government on the Ontario Autism Program.

Is the 2020-21—these are projected deficit expenses that the government has incurred through these legal actions? Is there someone who can provide clarity on that, please?

Ms. Carlene Alexander: Thank you very much for the question, MPP Fife.

I want to reiterate that for the 2019-20 public accounts, we did receive a clean audit opinion, that all of the accounting treatment for that particular year was appropriate.

I will turn it over to the Provincial Controller to speak further to some of these items.

Ms. Maureen Buckley: Thank you for the question.

Yes, as Deputy Alexander noted, with all these five programs, there were costs that were included in the 2019-20 public accounts, and as per the Auditor General's opinion that it was clean, they were all appropriately recorded. The Ontario Autism Program, for example, is an ongoing program. It doesn't mean that there won't be costs in other years. But for the costs that were applicable to 2019-20, all those costs were appropriately recorded, and we received a clean audit opinion on the 2019-20—

Ms. Catherine Fife: Thank you for that clarification. You did answer my question that the 2020-21 numbers could still change, so that's really what I wanted to know.

My colleague also raised the issue of contingency funds. The Financial Accountability Officer reported \$4.7 billion that had not yet been spent in December. If that money does not get spent in its entirety by today, which is the fiscal year-end, what happens to that funding? Anybody?

Mr. Kevin French: Thank you for the question, MPP Fife.

The very quick answer is that they're drawn down within the fiscal year and reflected in the program in which

the spending has happened. The government has committed and reported on this through the most recent budget by Minister Bethlenfalvy, about the expectation that the spending for all contingency funds for the current fiscal year—so for 2020-21—will be spent.

Ms. Catherine Fife: We can't see that, though, in its entirety, until estimates. Is that correct?

Mr. Kevin French: Public accounts is when you'll see it, actually, MPP Fife.

Ms. Catherine Fife: Okay.

Auditor?

Ms. Bonnie Lysyk: I was just going to comment: For budgets, you typically see that, but then as actual spending happens, that amount doesn't appear as a comparative anymore in the actuals because it's allocated, like they said, between the expenses. So whatever is in that amount is incorporated.

The Chair (Mr. Taras Natyshak): My apologies; we have run out of time.

Ms. Catherine Fife: Aw. It was just getting good.

The Chair (Mr. Taras Natyshak): Yes.

That concludes the time for questions this afternoon. Thanks to everyone for appearing before us. You are all dismissed.

We'll now pause briefly to go into closed session.

Interjection.

The Chair (Mr. Taras Natyshak): We're not going to go into closed session. We're going to vote, which won't give us enough time for closed session. We're adjourned.

The committee adjourned at 1435.

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