

Intelligence MEMOS



From: William B.P. Robson

To: Ontario voters and taxpayers

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Re: **FISCAL ACCOUNTABILITY AND TRANSPARENCY IN ONTARIO – SOME GOOD NEWS**

The quality of the numbers a government presents is a foundation for judging how well it is handling our money. How much does it raise and spend? How wisely? Are our programs sustainable? These and many others are questions we can answer more easily if its budgets, the estimates it presents to legislators, and its financial statements are clear, accurate and timely. If its numbers are murky, misleading and late, our task is hard or impossible.

In Ontario, the quality of the provincial government's financial presentations has been a high-profile issue in recent years. Historically, Ontario was one of the better performers among Canada's senior governments. Critically, it adhered to public sector accounting standards (PSAS) in its financial statements relatively early. It aligned its budget presentations to PSAS as well, and – unlike the federal government, some territories and many other provinces – produced estimates that members of the provincial parliament could read and understand in relation to the budget plan.

In the 2015/16 and 2016/17 fiscal years, however, Ontario went rogue. First, its pension accounting attracted criticism from the provincial auditor general. Then it tried to hide debt-financed electricity subsidies with an accounting dodge that produced another qualification in the auditor general's opinion on the financial statements.

Along with other defects – budgets and estimates presented after the fiscal year had already begun, and burying key numbers where only experts could find them – these problems dropped Ontario from a leader to a laggard in the C.D. Howe Institute's [annual fiscal accountability report](#).

Recent news on that front in Ontario has been far better. The province's 2017/18 financial statements cleaned up the problems flagged by the provincial auditor general. And the province's 2019 budget last week implements and commits to several further improvements.

First, the 2019 Ontario budget presented a summary of the key fiscal information on page 7 of the main budget document. This high profile for the most important numbers is far better than their hundreds-of-pages-deep obscurity in previous years – and a stark contrast to the federal government, where the projections are not in the main budget document at all. One quibble is that the PDF compilation of budget material released by the province had so much other up-front material that page 7 was actually 45 pages in. If Ontario's 2020 budget moved that material to the front of the entire budget package, it would deserve an A+ for budget presentation.

Second, the government has committed to legislating that future budgets will appear before the start of the fiscal year, except in election years. Ideally, a budget would appear long enough before the fiscal year to allow proper debate, and one can argue that an election is no excuse for starting a fiscal year without formal oversight – but this change, along with firm dates for interim fiscal reports, would also be an important improvement.

A further feature of the 2019 budget worth noting is that the key up-front numbers included not just the upcoming year, but a five-year projection that anticipated an elimination of the province's problematically large deficit. Commentators immediately jumped into debates about the realism of the projections. But that is the point – providing those numbers gave people a major head start in understanding the province's fiscal plan.

Whatever our individual judgements about the realism of the Ontario government's projections, the wisdom of its tax and spending plans, and the sustainability of provincial programs, we will be in a better position to discuss them with numbers that are clearer, more reliable, and timely. When it comes to the quality and transparency of its financial presentations, Ontario is on its way to the head of the class.

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