Allocating Resources to Ministries
Managing for Results in Ontario

• Responsibility for delivering on results is shared, horizontal:
  – Within/among ministries
  – Between ministries & broader public sector / service providers

• Integrate planning, budgeting and measuring performance, in alignment with priorities, to get results
Results-based Planning Cycle

• Integrated, clear and understandable planning and reporting processes to support ministry accountability and flexibility to deliver on priorities and results within the fiscal plan

• Results-based Planning process provides strategic, enterprise-wide information necessary for decision makers to review government activities annually

•Ensures investments made in key priority areas and focused on results during the multi-year planning period
  – Service delivery is efficient and effective
  – Programs, services, initiatives, policies, etc., Ministry of Finance working with other central agency partners, facilitates decision making – leading to the Budget and Estimates
  – Supported by the ongoing monitoring of risks, results and public expenditures through the in-year reporting process

• Transparency and accountability enhanced through the tabling of the Results-based Plan Briefing Books for all ministries
Results-based Planning Cycle

Other Processes include:
- Quarterly Expenditure & Risk Reporting.
- Corporate Overviews/Expenditure Updates for TB/MBC
- Monitoring of FTE Limits
Printed Estimates, Results-based Planning & Measures

**Estimates**

- Voted resources across ministries that support achievement of this result

- Vote 1, Ministry X: $35M
  - Total resources for all Activities in support of Strategy
    - Item 1: $10M
    - Item 2: $20M
    - Item 3: $5M
  - Total for Vote 1: $35M
  - Resources allocated to each Activity

**Results-Based Planning**

- Priorities
- Result 1: Serving the Public Interest
- Strategy 1, Ministry X
- Activity 1
- Activity 2
- Activity 3

**Performance Measurement**

- Public results, measures and high level indicators
- Intermediate-term outcome measures
- Outputs and short-term outcomes
Performance Information Informs Policy Direction & Allocation Decisions

- Performance information:
  - Used to review/develop/decide on policy direction
  - Informs/supports policy implementation
  - Supports horizontal policy integration by flagging issues or data with multi-lateral/ multi-sectoral impacts or influences
  - Helps identify where funding can help maintain or improve services and programs, where it’s producing results, where it’s needed and what results can be expected for the expenditure
  - Supports decisions on funding priorities, raises questions, provides preliminary answers
  - Is critical to implementing results-based management successfully
Performance Measures in In-Year Requests & Reporting

- Measures are required with each in-year allocation request and report-back to Treasury Board/Management Board of Cabinet to ensure accountability.
- Ministries must clearly define program level performance measures and the anticipated outcomes that will be achieved as a result of the funding.
- Ministries are required to report any significant risk to non-achievement of key performance targets through quarterly reporting.
- Moving forward - inclusion of key measures information on Ministry strategic financial assessments.
Consolidated Entities

- Expense impacts of government agencies (e.g. Ontario Science Centre) are consolidated into Ministry totals.
  - Most agencies are line-by-line consolidations.
  - Hospitals, colleges and school boards are one-line net-expense consolidations. Universities and municipalities are not consolidated.

- Since 2002-03, major tangible capital assets (e.g. land, buildings and infrastructure) have been accounted for on a full accrual accounting basis.
  - Other tangible capital assets owned by Provincial ministries are accounted for as expense in the year of acquisition or construction.
    - Starting in 2009-10 the Province will begin to reflect the capitalization of Moveable Tangible Capital Assets (mTCA) (e.g. IT systems and software, aircraft, vehicles and machinery and equipment).
  - All capital assets owned by consolidated organizations are accounted for on a full accrual basis.
The Role of the Treasury Board/Management Board of Cabinet
Treasury Board and Management Board of Cabinet

- **Treasury Board (TB) and Management Board of Cabinet (MBC)** are committees of Cabinet established under the *Treasury Board Act, 1991* and *Management Board of Cabinet Act*. They currently operate as a joint committee and have the same membership.

- TB and MBC are the only committees of Cabinet that make decisions. All other committees of Cabinet make recommendations to Cabinet. However, Cabinet may amend or revoke any action/decision of TB/MBC.

- Treasury Board provides leadership on the management of the government’s financial and physical resources in support of the government’s multi-year fiscal plan and program priorities.

- Management Board of Cabinet provides leadership on the management of the government’s human resources, in support of the government’s policy priorities and operational objectives.
Treasury Board Decisions

- Results-based Plans leading to multi-year Ministries’ expenditure allocations and Budget Plan
- In-year changes including: Treasury Board Orders, releases from holdback, executive controls and Supplementary Estimates
- Quarterly expenditure management and performance reports including risks to ensure compliance with fiscal plan and Printed Estimates
- Interim Payment Authority (Financial Administration Act, Section 15); Special Purpose Accounts; Non-tax revenue – new and changes to fees and charges
- Disposition or acquisition of government property
- Establishment of new programs
- Non-appointment Orders in Council, regulations and legislation with fiscal/financial implications
Management Board of Cabinet Decisions

- Corporate policies and directives (approval and exemptions)
- Human resources and administrative management
- Changes to staffing limits
- Bargaining mandates and implementation of negotiated settlements
- Procurement or IT projects valued at $10 million or greater
- Government agencies and appointees – agency governance and accountability, and appointee remuneration
- Non-appointment Orders in Council, regulations and legislation with human resource implications
The Role of the Budget
The Fiscal Transparency and Accountability Act

• The *Fiscal Transparency and Accountability Act (FTAA)*, 2004, provides minimum statutory requirements for the content and nature of the fiscal plan and of financial reporting including:
  – balanced budgets and/or recovery plans to achieve balance
  – multi-year fiscal plan (current year plus the following two years)
  – pre-budget consultations.

• The FTAA sets out a number of criteria that the Province’s fiscal plan must meet which ensure the highest level of transparency and accountability in fiscal planning and reporting.

• The FTAA provides direction on public reporting of updates to the fiscal plan, including deadlines for the release of certain documents as well as the publication of a pre-election report and long-term report.
The Fiscal Cycle in Ontario

Start Here

Major preparations begin to plan for upcoming fiscal year

Public consultations held prior to Budget

Fall Statement

Q1 Finances

Q3 Finances

Fiscal year-end (March 31)

Interim projections prepared for year-just-ending

Ministries prepare financial statements

Auditor General reviews financial statements

Start of fiscal year (April 1)

PUBLIC ACCOUNTS

EXPENDITURE ESTIMATES

BUDGET

(P4)
January – March

October – December (Q3)

(Q2)
July – September

(Q1)
April – June

Ontario
The Ontario Budget

- The Budget is the focal point of the Province’s fiscal planning process. It announces the government’s fiscal policy agenda for the next three years.

- The development of the Budget is a year-long process that is coordinated by the Ministry of Finance, and reflects the input of Cabinet, other central agencies, government ministries, and the broader public sector.

- Each year, the Ministry of Finance organizes pre-Budget consultations throughout the province. Stakeholders are invited to attend to provide input to the Minister of Finance in preparation for the Provincial Budget.
**Prudence: Reserve and Contingency Funds**

- FTAA requires that a reserve be included in the fiscal plan.
- The reserve protects the government’s fiscal outlook against unexpected and adverse changes in the Province’s revenue and expense outlooks, including those resulting from changes in Ontario’s economic performance.
- The Contingency Funds (operating and capital) are not required under FTAA but are a key component of the government’s approach to prudent fiscal planning.
- Treasury Board/Management Board of Cabinet uses the contingency funds to allocate in-year funding to ministries when they are unable to offset the expense from within their existing allocation.
- Any Contingency Fund amounts not expensed by year-end materialize as underspending and can be used to improve the Province’s fiscal position.
Current Fiscal Outlook
Composition of Revenue: 2008–09

Note: Numbers may not add due to rounding.
Composition of Total Expense: 2008–09

Health Sector
42% $40.4B

Education Sector\(^1\)
14% $13.1B

Children’s and Social Services Sector
12% $11.8B

Justice Sector
4% $3.7B

Other Programs
12% $11.9B

Postsecondary Education and Training Sector
6% $6.2B

Interest on Debt
9% $8.9B

\(^1\) Excludes Teachers’ Pension Plan

Note: Numbers may not add due to rounding.
Summary of Ontario’s Fiscal Performance & Medium-Term Outlook

Fiscal Balance ($ Billions)

Six Years of Balanced Budgets

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<th>Year</th>
<th>Actual</th>
<th>Interim</th>
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<th>Current Outlook</th>
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### Current Medium Term Outlook

#### Medium-Term Fiscal Plan and Outlook ($ Billions)

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<td>Programs</td>
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<td><strong>Total Expense</strong></td>
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<td><strong>Surplus/(Deficit)</strong></td>
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¹ Excludes Teachers’ Pension Plan.

*Note: Numbers may not add due to rounding.*
Ontario’s Debt-to-GDP<sup>1</sup> Ratio

1 Debt is defined as accumulated deficit.
2 The substantial decline in 2005–06 was primarily due to a one-time reduction of $16.3 billion to the Province’s accumulated deficit resulting from the inclusion of hospitals, school boards and colleges in the Province’s financial statements, reflecting the balance of the sectors’ assets less their liabilities as at April 1, 2005.