



Fedeli Focus on Finance

Ontario's Fiscal and Democratic Deficit

Volume 3: No. 6 | June, 2016



Vic Fedeli MPP
DEPUTÉ
NIPISSING

Ontario's Fiscal and Democratic Deficit

In his recent Economic and Fiscal Outlook, Ontario's Financial Accountability Officer (FAO) confirmed what the Official Opposition has been saying all along – the government is using one-time money from asset sales, contingency funds, and tax increases to try to balance the budget in an election year, while leaving significant structural deficits.

Based on revenue and spending outlooks, the FAO forecasted a budget deficit of \$600M in 2017-18, which debunks the government's assertion they are able to balance the budget without one-time, extraordinary measures. He also indicated a "gradual deterioration in the province's budget balance," i.e. a structural deficit, with Ontario being in the red \$1.7B by 2020-21.

This government has created soaring structural deficits and record levels of mounting debt without even being able to maintain current frontline services, let alone improve them.

As opposed to working towards addressing the fiscal deficit they've created, another troubling pattern has emerged – a democratic deficit. In this spring session alone, a number of events point to a pattern of stonewalling and censoring Legislative Officers from shining a light on the government's mismanagement.

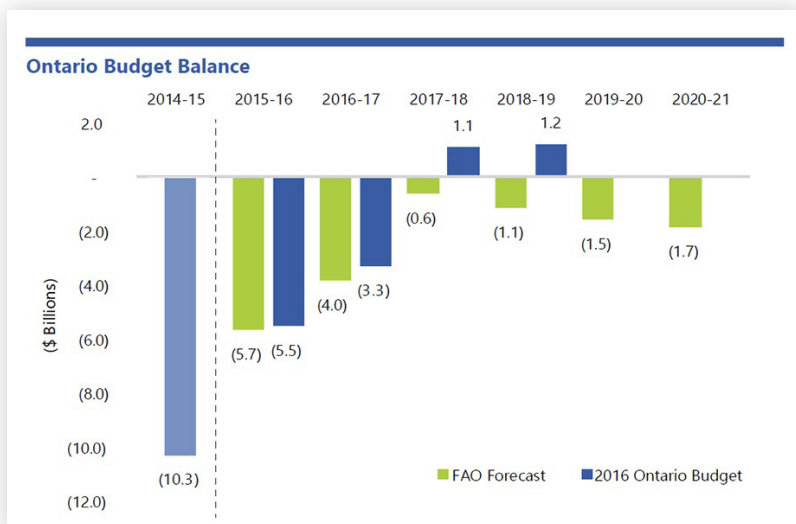
Obstruction of Information

The FAO recently took the unprecedented step of holding a press conference to issue a stinging indictment of the government's "broader pattern" of secrecy and refusal to provide legally-required information. He even went so far as saying he believes the government's obstruction was a result of "political direction".

As the FAO rightly pointed out, the Financial Accountability Officer Act is very clear on the obligations of the government to give all requested information to the FAO necessary to carry out his mandate. The problem is, the government is actively skirting their legal requirements by simply refusing to hand over necessary documents or applying Cabinet Confidence far too broadly.

"It is highly disappointing that instead of looking to maximize the information that the government can provide to MPPs and through them all Ontarians, the government is focusing on how it can restrict disclosure of information. In doing so, they are impeding the ability of MPPs to perform their constitutional duties of holding the government to account."

- Financial Accountability Officer
(Stephen LeClair), May 31, 2016



FAO, Economic and Fiscal Outlook – Spring 2016

While noting the government won't meet its budget projections, the FAO also flagged significant funding pressures occurring across most program areas, notably in the health, education, and justice sectors. By 2018-19, he's forecasted \$4B in spending pressures just to maintain the quality and nature of public services provided in 2015, meaning even more cuts to the frontline services that Ontarians rely on.

As the FAO put it, this is highly problematic as it makes it “difficult to assess the plausibility of the government’s financial projections and to evaluate risks that those projections would not be met.” Simply put, this government can’t get its fiscal house in order and they don’t want to be held accountable for it.

Contravention of the Fiscal Transparency and Accountability Act

As I noted in several Focus on Finance issues, this government has regularly missed key financial reporting deadlines since 2012. We recently saw this again, with the government ignoring another critical deadline and withholding key information about the long-term fiscal health of Ontario.

The Fiscal Transparency and Accountability Act requires the Minister of Finance to release a long-range assessment of Ontario’s fiscal environment within two years of each provincial election. This includes an analysis of key economic issues that are likely to affect the long-term sustainability of the economy and public sector.

The Ministry of Finance has had over two years to complete this assessment. Given significant uncertainty in Ontario’s long-term fiscal position and record levels of debt accumulation, it is highly troubling that the government ignored this deadline. I echo the Financial Accountability Officer’s concerns that the government seems focused on restricting information disclosure, as opposed to maximizing it.

Furthermore, section 11(1) of the *Fiscal Transparency and Accountability Act, 2004* indicates: *If the Minister does not release information required by this Act on or before the specified deadline, the Minister shall release a statement on or before that deadline in which the Minister explains why the required information was not so released.*

In contravention of the Act, the Minister of Finance provided no explanation for missing the June 12, 2016 reporting deadline.

I immediately wrote to the Minister of Finance asking for an explanation as to why the required information was not released as legally required and for Ontario’s long-term fiscal assessment to be released as soon as possible.

Deny, Deflect, Delete

The democratic deficit continued with June’s report from the Auditor General. Despite claims from the government that the Pan Am Games were an unbridled success, the AG confirmed that they were neither on time nor on budget.

Auditor General Bonnie Lysyk found the government went \$342M over budget on the games, contrary to their claim they were on budget.

Despite missing their budget target by a staggering 61 per cent, the government rewarded Pan Am/Parapan Am Games executives with gold medal bonuses totaling \$5.3 million. In fact, the report found that four of the 10 highest paid public sector employees on the 2015 Sunshine List were Games executives who took home an average of \$815,000.

And even more disturbing than the mismanagement and lavish bonuses, the AG’s report demonstrates the government continues its pattern of failing to be open and transparent. Under the report’s “Scope Limitation” section, the Auditor General said she routinely couldn’t get access to documents or answers to questions, and many computer hard drives, including the CEOs, were destroyed prior to the audit.

“We were unable to obtain answers to certain questions and could not obtain some documents we requested. We also were not able to obtain many computer hard drives that were disposed of by TO2015, including the CEOs.”

- Auditor General (Bonnie Lysyk), Special Report on the 2015 Pan Am/Parapan Am Games

This government's history of destroying hard drives is well known, and this latest example leaves us wondering... what important information did those hard drives contain and why is the government hiding it from taxpayers?

Ontario's Information and Privacy Commissioner has taken note of the Auditor General's comments and has launched yet another investigation into whether this government followed appropriate record keeping and record retention practices.

Conclusion

From a Premier that began her mandate with a promise of being “open and transparent”, this government has clearly failed to deliver. Along with the recent examples provided above, the government has relaxed rules over partisan government advertising, cancelled the gas plant scandal hearings, and removed Legislative Officer oversight over Hydro One. Not to mention the record five OPP investigations they are facing!

From their alarming fiscal performance to a flawed Cap-and-Trade regime, this government trades on its aspirational political messaging but completely fails on implementation. Their response includes stonewalling Legislative Officers from receiving necessary information and restricting MPPs, the media, and the Ontario public from holding them to account.

Put simply – the actions of this government are leaving Ontario with both a fiscal and democratic deficit.

Key Questions

Will the Premier end this pattern of obstruction and give the Financial Accountability Officer and other Legislative Officers the necessary documents to do their job?

Will the Minister provide an explanation as to why the Long Term Report on the fiscal environment in Ontario was not tabled by the legally-mandated June 12, 2016 deadline?

Why were the Pan Am/Parapan Am Game hard drives destroyed prior to the Auditor General's audit? What important information did those hard drives contain and why is the government hiding it from taxpayers?

If you would like to read previous issues of Focus on Finance, please go to www.fedeli.com or email us and we'll add you to our electronic mailing list.



Vic Fedeli MPP
DEPUTÉ
NIPISSING

Constituency Office:
165 Main Street East
North Bay, Ontario P1B 1A9

Tel: 705-474-8340
Fax: 705-474-9747
vic.fedelico@pc.ola.org
www.fedeli.com

Queen's Park Office:
Room 347, Main Legislative Building,
Queen's Park
Toronto, Ontario M7A 1A8

Tel: 416-325-3434
Fax: 416-325-3437
vic.fedeli@pc.ola.org