

Ontario's balance sheet keeps me up at night. Here's what our province is doing about it

Ontario's Treasury Board president: Our province has the highest subnational debt of any jurisdiction in the world at \$338 billion and the debt-to-GDP ratio is an uncomfortable 39%



Ontario Finance Minister Vic Fedeli THE CANADIAN PRESS/Cole Burston

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The first step in implementing any solution is to honestly take stock of the extent of the problem.

In this regard, Ontario was well served by my colleague Ontario Finance Minister Vic Fedeli last Friday when he released details from the investigation of the Independent Financial Commission of Inquiry into

Ontario's finances.

The news itself was sobering. The commission's report revealed that the previous Liberal government left Ontario saddled with a \$15-billion deficit for the current fiscal year.

The commission's report also goes into painstaking detail into the extraordinary steps that the previous Liberal government took to make sure that billions of dollars were excluded from the publicly reported deficit. The extent of this scheme was unprecedented, which is why a select committee of Ontario's legislature has been struck to get to the bottom of this scandal.

But shedding sunlight on this hidden deficit is not, on its own, sufficient for the task of fixing it. In fact, this new transparency only serves to underscore the extent of the challenge in front of us.

Prior to entering public life, I spent my career evaluating financial risk. I have seen my fair share of balance sheets. The line items that I see on Ontario's balance sheet are what keep me up at night. That is why my cabinet colleagues and I are focused on bringing the rigour of business into the work of government

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Consider: Ontario today has accumulated the highest subnational debt of any jurisdiction in the world at \$338 billion. Because of this, interest payments on the debt are now the fourth-largest line item on the provincial budget.

The current debt-to-GDP ratio is an uncomfortable 39 per cent and Quebec bonds are now rated at higher quality than Ontario's, according to Standard & Poor's.

It is for these reasons that a cornerstone of the mandate of Premier Doug Ford and our entire government is to restore trust and accountability to the province's finances.

On Tuesday, our government announced the second component of our plan to achieve this goal by releasing the line-by-line review of the province's books.

This past August, following an open RFP process, the government of Ontario contracted EY Canada to conduct a detailed analysis of our current spending in order to spend smarter while avoiding job cuts.

As part of this review, we asked EY Canada to integrate the results of a broad consultation with the people. The Planning for Prosperity consultation generated more than 15,000 ideas from Ontarians who are hungry for a government that governs differently and more efficiently.

The results are in.

What we've learned is that we need to modernize and apply a productivity and value-for-money lens to everything that we do.

We all know that diet fads don't work. By the same measure, reaching at short-term, cost-cutting measures is not a long-term answer to addressing structural challenges facing our province.

We need to reform public services in a way that puts reliability and the customer at the centre of everything we do and put structures in place that create a culture of efficiency.

Proper management of public finances is a moral imperative that can no longer be ignored



Even the smallest decisions can add up to considerable savings. As an example: In my own office, my staff relies on a variety of platforms like our smartphones, messenger apps, and social media in order to stay in contact with each other and the external community.

One of the tools we found ourselves not using all that often was our office landlines. In our current digital era, an increasing number of families and businesses are getting by without landlines. We asked ourselves: why can't a government office do likewise?

The answer that often comes back is "that's the way it's always been." But that answer is not good enough. A culture of innovation requires us to continue to question old ways of working.

Therefore, we are having the landlines removed from my minister's office staff, with a total savings of \$8,000 per year. While that may seem small, imagine replicating this in each of the 20 other minister's offices. Or across government and the broader public service. All of a sudden, thousands of dollars in savings can become millions.

And the best part about a culture of efficiency is that it scales. The same questioning attitude and willingness to embrace disruption that allows you to take out your landlines can help you achieve better results, at a lower cost, throughout the largest, most complicated programs and services that are provided by government.

The proper management of public finances is a moral imperative that can no longer be ignored. Expenditure management is the means toward that end, but it is not the end in and of itself.

That is why, no matter what difficulty or obstacle, we will transform government into a modern institution that meets the expectations of the people we serve.

The Hon. Peter Bethlenfalvy is the president of the Treasury Board for the Government of Ontario. He previously served as co-president of DBRS Ltd. and as president and COO of TD Securities (USA). Sections of this piece were taken from a speech to the C.D. Howe Institute.