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## Archived - September 2016 Mandate letter: Finance

Premier's instructions to the Minister on priorities.



September 23, 2016

The Honourable Charles Sousa  
Minister of Finance  
7 Queen's Park Crescent  
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Toronto, Ontario  
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Dear Minister Sousa:

Welcome back to your role as Minister of Finance. As we mark the mid-point of our mandate, we have a strong and new Cabinet, and are poised to redouble our efforts to deliver on our top priority — creating jobs and growth. Guided by our balanced plan to build Ontario up for everyone, we will continue to work together to deliver real benefits and more inclusive growth that will help people in their everyday lives.

We embark on this important part of our mandate knowing that our four-part economic plan is working — we are making the largest investment in public infrastructure in Ontario's history, making postsecondary education more affordable and accessible, leading the transition to a low-carbon economy and the fight against climate change, and building retirement security for workers.

Building on our ambitious and activist agenda, and with a focus on implementing our economic plan, we will continue to forge partnerships with businesses, educators, labour, communities, the not-for-profit sector and with all Ontarians to foster economic growth and to make a genuine, positive difference in people's lives. Collaboration and active listening remain at the heart of the work we undertake on behalf of the people of

Ontario — these are values that ensure a common purpose, stimulate positive change and help achieve desired outcomes. With this in mind, I ask that you work closely with your Cabinet colleagues to deliver positive results on initiatives that cut across several ministries, such as our Climate Change Action Plan, Business Growth Initiative, and the Highly Skilled Workforce Strategy. I also ask you to collaborate with the Minister Responsible for Digital Government to drive digital transformation across government and modernize public service delivery.

We have made tangible progress and we have achieved the following key results:

- Completed the credit union legislative review and started the work towards implementing the recommendations.
- Released the final report of the Expert Advisory Panel appointed to review the mandates of the following major regulatory agencies: the Financial Services Commission of Ontario (FSCO), the Financial Services Tribunal (FST) and the Deposit Insurance Corporation of Ontario (DICO).
- Launched a review of the regulation of financial advisory and planning services.
- Maintained a competitive tax environment to support long-term growth.
- Supported the Premier's Advisory Council on Government Assets and the implementation of its recommendations.
- Worked with the federal government to ensure the Ontario Electricity Support Program (OESP) would not be a taxable benefit.
- Created the Trillium Trust to support asset optimization and infrastructure investments.
- Announced that Ontario will continue to fulfil its commitment to upload social assistance benefit programs, as well as court security and prisoner transportation costs, off the property tax base. This will ensure that municipalities have more property tax dollars to invest in local priorities.
- Reached a historic agreement in principle on June 20, 2016, to enhance the Canada Pension Plan (CPP).
- Introduced the sale of beer and cider in grocery stores, while maintaining a strong commitment to social responsibility.
- Supported the sharing economy by partnering with the Canada Revenue Agency and Airbnb on a pilot project that raises awareness for Ontarians who engage in home-sharing about their rights and responsibilities, including their tax obligations, and by changing a regulation under the *Insurance Act* to help modernize Ontario's auto insurance system to allow for insurance coverage that better protects drivers and consumers using new sharing economy business models for transportation.
- For the second year in a row, provided Budget Talks, an online consultation tool that makes it easier for the public to help shape policies and programs that will be part of Ontario's future. Participation in Budget Talks doubled from last year.
- Continued overachievement on our fiscal targets, marking seven consecutive fiscal years of beating our deficit projections, positioning the province to balance the budget in 2017-18 and lower the net debt-to-GDP ratio.

Your mandate is to create an environment that helps foster a dynamic, innovative and growing economy, and manages the fiscal, financial and related regulatory affairs of the province. Your specific priorities include:

## **Delivering on the Balanced Budget Plan**

- Continuing to work toward a balanced budget by 2017-18, without compromising the investments needed to support citizen-focused services and stimulate economic growth.
- Working with the President of the Treasury Board to effectively manage the fiscal plan, including developing a strategy to meet fiscal targets and ensure fiscal sustainability moving forward.
- Ensuring effective management of the province's primary revenue sources and borrowing program.
- Lowering the net debt-to-GDP ratio to its pre-recession level of 27 per cent.

## **Supporting a Dynamic Business Climate**

- Continuing to make our tax supports for business and people more efficient and better focused on objectives and outcomes, while maintaining a competitive tax environment.
- Reducing electricity costs for business by ending the debt retirement charge effective April 1, 2018, nine months earlier than previously estimated.

## Strengthening the Financial Services Sector

- Developing the government's response to the final report of the Expert Advisory Panel appointed to review the mandates of FSCO, the FST and DICO, and implementing any changes that result, ensuring strong regulation of financial services and pensions and improved consumer, investor and pension plan beneficiary protection.
- Continuing to play a leadership role in the development of the Co-operative Capital Markets Regulatory System, working with jurisdictions across the country to finalize and propose for introduction the legislative framework that will be set out in a new *Capital Markets Act* and related legislation.
- Receiving the recommendations of the Expert Committee to Consider Financial Advisory and Financial Planning Policy Alternatives and developing an implementation plan based on the recommendations.
- Working with the Minister of Economic Development and Growth, and other related ministers, on a provincial fin-tech strategy.

## Building Retirement Security

- Supporting the initial board and members of the Investment Management Corporation of Ontario (IMCO) as they work to pool investment assets, lower administrative costs and improve risk-adjusted investment returns.
- Continuing to be a national leader in strengthening retirement security while taking the necessary steps to implement the agreement in principle to enhance the Canadian Pension Plan.
- Conducting a review of the solvency funding framework for defined benefit pension plans and consulting stakeholders in the development of a new framework.
- Continuing to consult with affected stakeholders on all aspects of a target benefit multi-employer pension plan framework.

## Increasing Convenience and Choice

- Overseeing the work of the Ontario Lottery and Gaming Corporation (OLG) on its modernization of Ontario's gaming marketplace to provide more choice and convenience for customers while maintaining a strong commitment to social responsibility.
- Supporting the OLG in its work to better integrate horse racing into Ontario's gaming marketplace, including provincial funding to racetracks to support live horse racing.
- Building on the success of the expansion of beer and cider sales in grocery stores, you will improve the wine retailing system by introducing sales of wine at some grocery stores beginning in fall 2016. Ontario is working to have beer, cider and wine more available for sale in grocery stores. This will give Ontarians more convenience and choice, while maintaining a strong commitment to social responsibility.
- Leading the government's comprehensive strategy to support the sharing economy through collaboration with partner ministries and stakeholders. Ontario's strategy will foster innovation, protect workers, consumers and communities, promote a level playing field and tax fairness while ensuring a whole-of-government approach.
- Supporting the transformation of income based and other benefit programs with the Minister of Community and Social Services, Minister of Government and Consumer Services and human services system partners focusing on client-focused delivery and information sharing.
- Continuing efforts to modernize Ontario's tax system through enhanced opportunities for electronic service delivery for provincially administered taxes.

## Addressing the Underground Economy

- Continuing efforts to modernize Ontario's tax system to ensure it treats all taxpayers, including individuals and families, fairly.
- Building on the government's efforts to take concrete action to address underground economy activities in all high risk sectors.
- Continuing to address the issue of unregulated tobacco through balanced approach of partnerships and compliance activities.

## Supporting Women's Economic Empowerment

- Seeking advice from the Women in Business Steering Committee, and working with the Minister Responsible for Women's Issues, to develop a comprehensive plan to implement the strategy on Gender Diversity on Boards in Canada, by spring 2017. This would include plans to implement the target that women make up at least 40 per cent of all appointments to provincial boards and agencies by 2019.
- Working together with the Minister Responsible for Women's Issues and the Minister of Labour, and working with the President of the Treasury Board and the ministers of Economic Development and Growth, Advanced Education and Skills Development, and Education, develop a long-term strategy to support the economic empowerment of women that addresses the needs of women at all economic levels.
- Supporting the Minister of Labour to develop a Gender Wage Gap strategy, that will support the women's economic empowerment strategy. Collectively these strategies will include measures to address the gender wage gap, enhance women's attachment to the labour market, and address other barriers to women's full economic participation.

## Working with Indigenous Partners

- Continuing to work with the Minister of Indigenous Relations and Reconciliation to develop partnerships with First Nation communities on self-regulation of tobacco sales on-reserve, with an aim of developing on-reserve regulatory regimes that are harmonious with Ontario's *Tobacco Tax Act*, and provide the basis for mutually beneficial solutions for revenue sharing.
- Engage First Nation communities on modernizing the Ontario Gas Card Program.

## Facilitating Openness and Accountability

- Facilitating an open and productive relationship with the Financial Accountability Officer, and ensuring all ministers are aware of the need to respond in a consistent and timely manner, and seeking to further the government's open data strategy.
- Exploring new methods to encourage participation from the public and stakeholders in the development of the Ontario budget and review the pre-budget consultation process to determine whether or not there are means of enhancing the openness of the process. This review would also examine the creation of more openness relating to other spending plans like cap and trade revenue and the Trillium Trust.

## Reducing Auto Insurance Rates

- Building on the almost 10 per cent average reduction in automobile insurance rates since August 2013, work with the Advisor on Auto Insurance on his recommendations for further improvements and reform to the system to pass on savings to consumers while reducing costs and ensuring accident victims get the care they need. Advice to government should be received by the end of 2016.

In addition to the priority activities above, I ask that you also deliver results for Ontarians by driving progress in the following areas:

- Work with the Minister of Intergovernmental Affairs and other partner ministers to ensure that new fiscal arrangement and federal budget commitments build on Ontario's investments and priorities, and support sustainable public services, economic growth and job creation.
- Work with the Minister of Indigenous Relations and Reconciliation to develop partnerships around unregulated tobacco sales with an aim of developing regulatory regimes that are harmonious with Ontario's *Tobacco Tax Act*, including licensing, monitoring and compliance.
- Work with the Minister Responsible for Digital Government, with the support of Cabinet Office and the Premier's Office, to improve Ontario's budget consultation process by further enhancing Budget Talks, including exploring Participatory Budgeting. Develop a budget simulation tool to educate Ontarians on budget choices and providing greater access to fiscal planning information through plain language and visualizations.
- Continue to work to enhance the integrity of the \$26 billion property tax base, including nearly \$7 billion in provincial education property tax revenue. A competitive, fair and effective property tax system is critical to support local services and adequately fund Ontario's school system.
- Continue to work with municipalities, the Municipal Property Assessment Corporation (MPAC) and other stakeholders to strengthen Ontario's property tax and assessment system.
- Work with Ontario municipalities to increasingly target the Ontario Municipal Partnership Fund to rural and northern municipalities that face the greatest fiscal challenges. Going forward, oversee the fair allocation of substantial new Ontario investments in municipal infrastructure to help put municipalities on a financially sustainable footing, while helping the government meet its responsibility to protect key public services such as health, education and infrastructure.
- Continue to successfully complete the annual borrowing program. Through prudent and cost-effective debt management, continue to keep interest on debt costs below budget projections.
- Continue to support the province's asset optimization strategy to help fund further investments in transit, transportation and other priority infrastructure through the Trillium Trust.
- Implement the recommendations of the Premier's Advisory Council on Government Assets to maximize the performance of Ontario business enterprises, including continued public ownership of the LCBO, Ontario Power Generation and 40 per cent of Hydro One.
- Work collaboratively with the Minister of Housing, Minister of Municipal Affairs and the federal government to explore various measures relating to housing affordability.

As you know, taking action on the recommendations contained in the Truth and Reconciliation Commission report is a priority for our government. That is why we released *The Journey Together*, a document that serves as a blueprint for making our government's commitment to reconciliation with Indigenous peoples a reality. As we move forward with the implementation of the report, I ask you and your fellow Cabinet members to work together, in co-operation with our Indigenous partners, to help achieve real and measurable change for Indigenous communities.

Having made significant progress over the past year in implementing our community hubs strategy, I encourage you and your Cabinet colleagues to ensure that the Premier's Special Advisor on Community Hubs and the Community Hubs Secretariat, at the Ministry of Infrastructure, are given the support they need to continue their vital cross-government work aimed at making better use of public properties, encouraging multi-use spaces and helping communities create financially sustainable hub models.

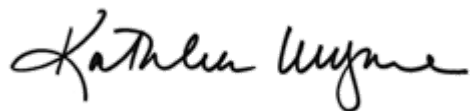
Responsible fiscal management remains an overarching priority for our government — a priority echoed strongly in our 2016 Budget. Thanks to our disciplined approach to the province's finances over the past two years, we are on track to balance the budget next year, in 2017–18, which will also lower the province's debt-to-GDP ratio. Yet this is not the moment to rest on our past accomplishments: it is essential that we work collaboratively across every sector of government to support evidence-based decision-making to ensure programs and services are effective, efficient and sustainable, in order to balance the budget by 2017–18, maintain balance in 2018–19, and position the province for longer-term fiscal sustainability.

Marathon runners will tell you that an event's halfway mark is an opportunity to reflect on progress made — but they will also tell you that it is the ideal moment to concentrate more intently and to move decisively forward. At

this halfway mark of this government's mandate, I encourage you to build on the momentum that we have successfully achieved over the past two years, to work in tandem with your fellow ministers to advance our economic plan and to ensure that Ontario remains a great place to live, work and raise a family.

I look forward to working together with you to build opportunity and prosperity for all Ontarians.

Sincerely,



Kathleen Wynne  
Premier

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