

FAO Between the Covers

How data and analysis support transparency and trust



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FINANCIAL ACCOUNTABILITY
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Trustworthy

We support all MPPs in holding the government to account.





“Neutral non-partisan,
authoritative, and
(usually) timely.”





John Vanthof on the lack of rural broadband infrastructure. (2020)

11:42 to 12:09



The FAO's Work

To support its work, the FAO has access to internal government information, including Cabinet records, with some limited exceptions.

The FAO presents its analysis through publicly available reports.

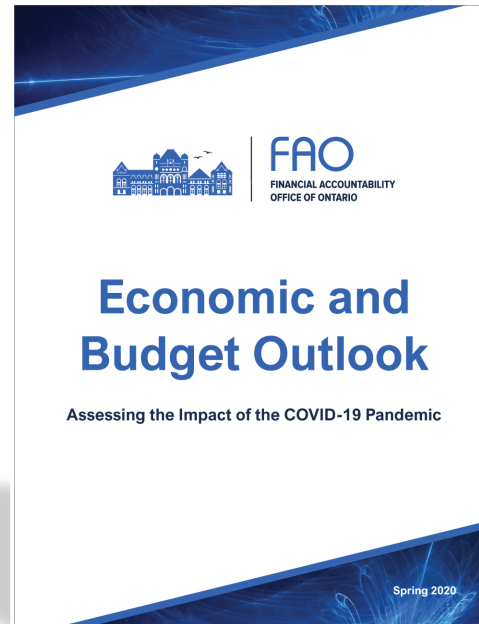
The FAO's work covers four basic areas:

1. Ontario's economic performance.
2. Province's fiscal position.
3. Ministry or sectoral spending plans.
4. Financial analysis of specific government policies.

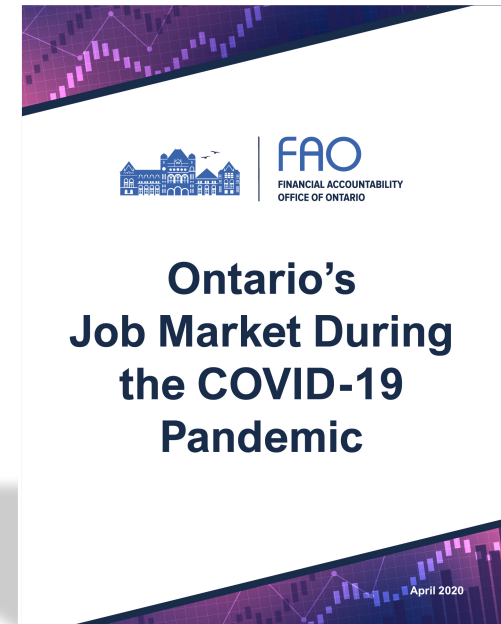




Ontario's Economy and Fiscal Position



Economic and
Budget Outlook,
Spring 2020

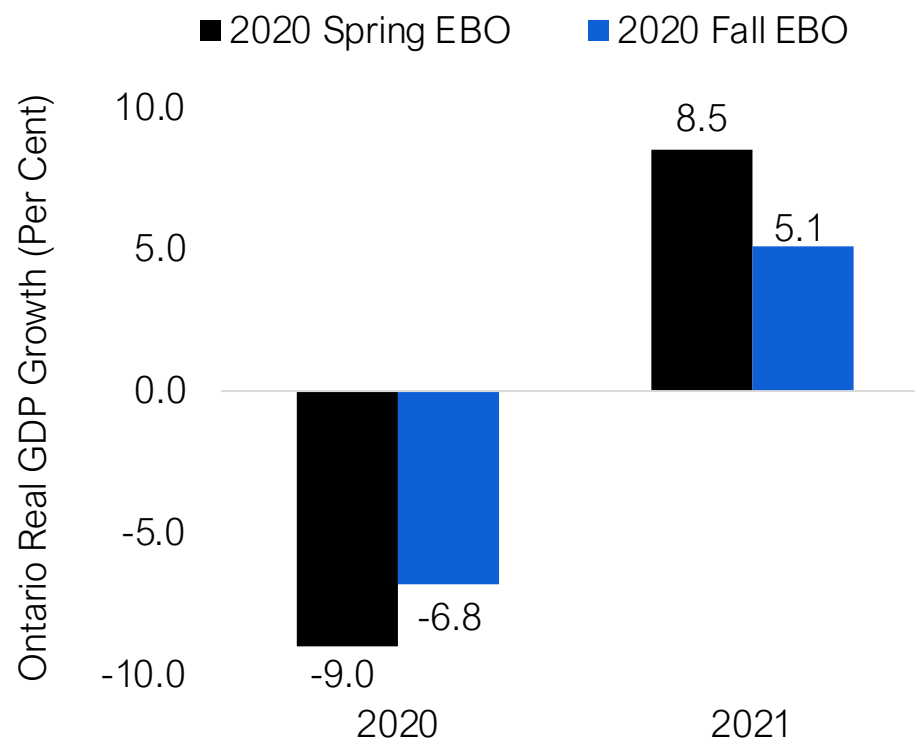


Ontario's Labour
Market
Performance



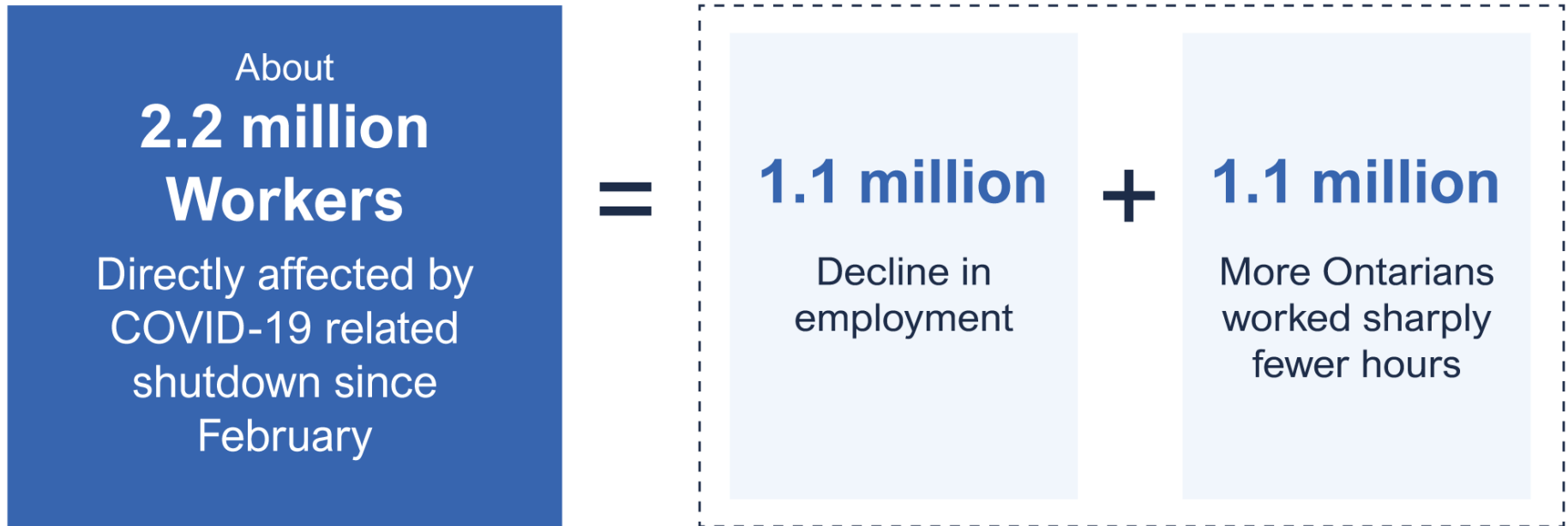
Largest decline in economic output on record projected for 2020

- The FAO's updated outlook projects Ontario real GDP will decline by 6.8 per cent in 2020.
- The pandemic in Ontario was relatively contained by the summer, allowing for an earlier and broader reopening of the economy than initially anticipated.



Source: Ontario Economic Accounts and FAO.

Pandemic shutdowns have directly affected one in three jobs in Ontario



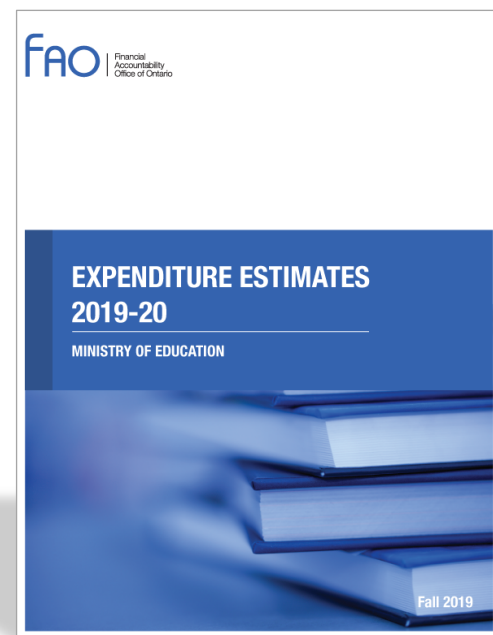
Source: FAO.



Analysis of Government Spending



Spending Plan
Analysis: 2020-21



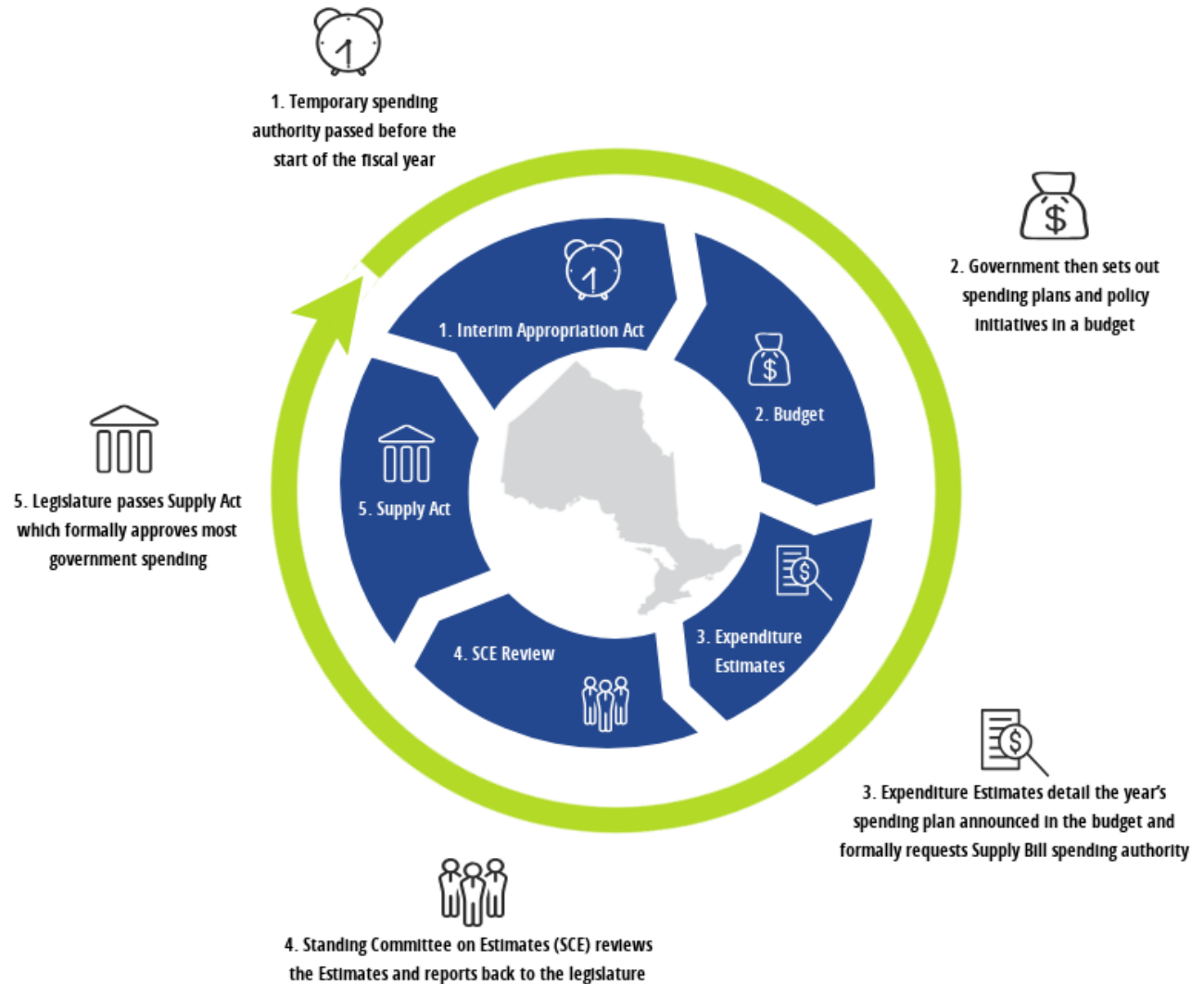
Expenditure
Estimates





Ontario's spending cycle

Each year, most government spending must be approved by MPPs.



Changes to the 2020-21 Spending Plan Cont'd

Sector	2020-21 Spending Plan	Q1 Adjustments	Q2 Adjustments	Total Adjustments	Revised 2020-21 Spending Plan
Health	61,753	2,083	413	2,496	64,249
Education	31,358	-	5	5	31,362
Postsecondary Education	6,984	-	2	2	6,987
Children's and Social Services	17,944	158	49	208	18,152
Justice	4,948	-	25	25	4,973
Other Programs	24,734	1,010	3,857	4,868	29,602
Unallocated Funds:					
COVID-19 Health Sector Response Fund	1,823	-1,505	4,147	2,643	4,466
Support for People and Jobs Fund	1,966	-629	1,940	1,311	3,277
Contingency Fund	1,300	-359	3,340	2,981	4,281
Interest on Debt	12,407	-	-	-	12,407
Total	165,217	759	13,780	14,539	179,756

Note: Figures exclude planned spending on assets and \$9.1 billion in additional planned spending by the broader public sector organizations controlled by the Province (hospitals, school boards and colleges), the Province's agencies and the legislative offices.

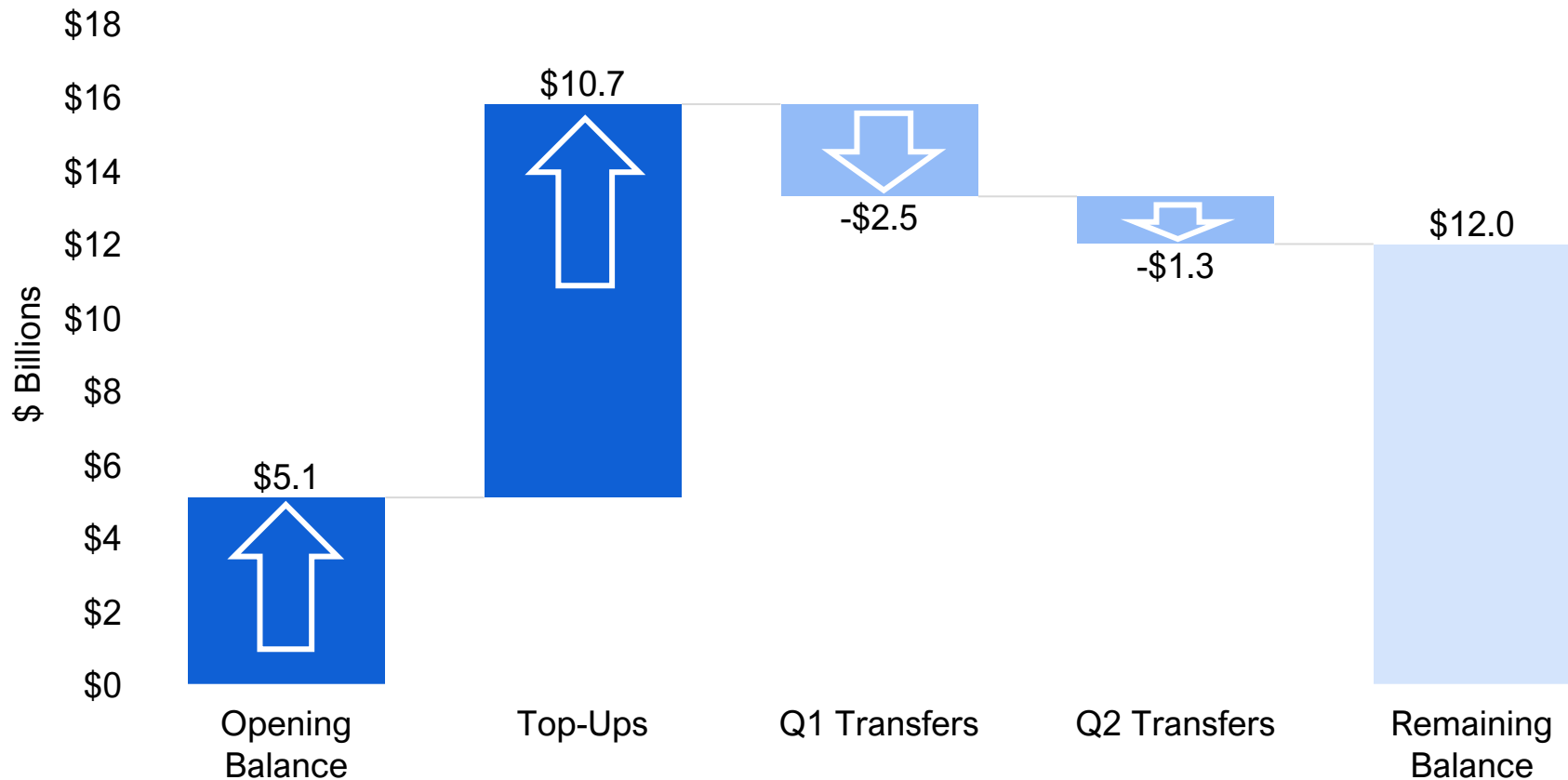
Source: FAO analysis of the 2020-21 Expenditure Estimates, the Supplementary Estimates, 2020-21 and information provided by TBS.



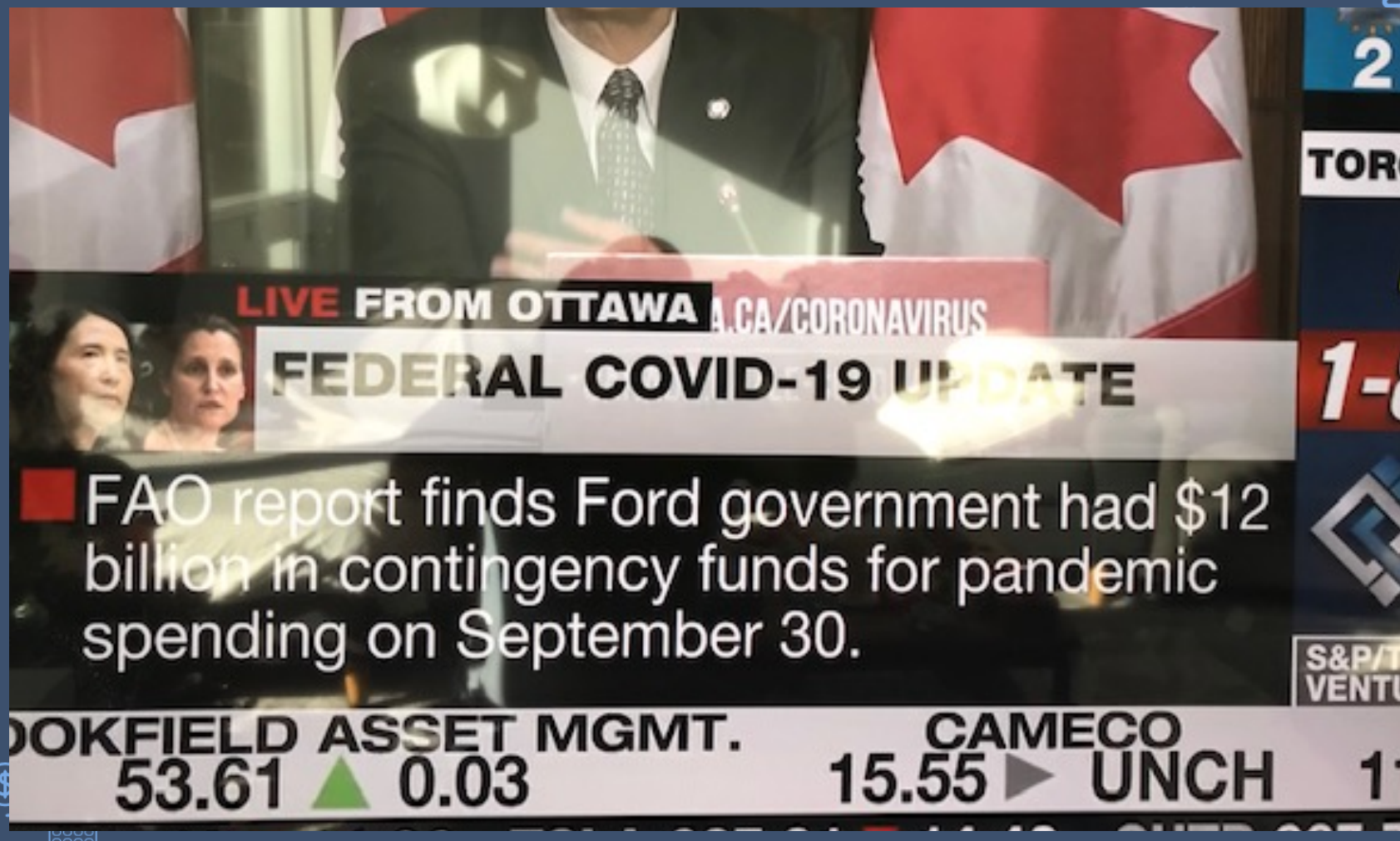
Sandy Shaw on the importance of independent officers for transparency in government.
(2020)

34:48 to 35:08

Changes to the Unallocated Funds Since April 1



Source: FAO analysis of the 2020-21 Expenditure Estimates, the Supplementary Estimates, 2020-21 and information provided by Treasury Board Secretariat.



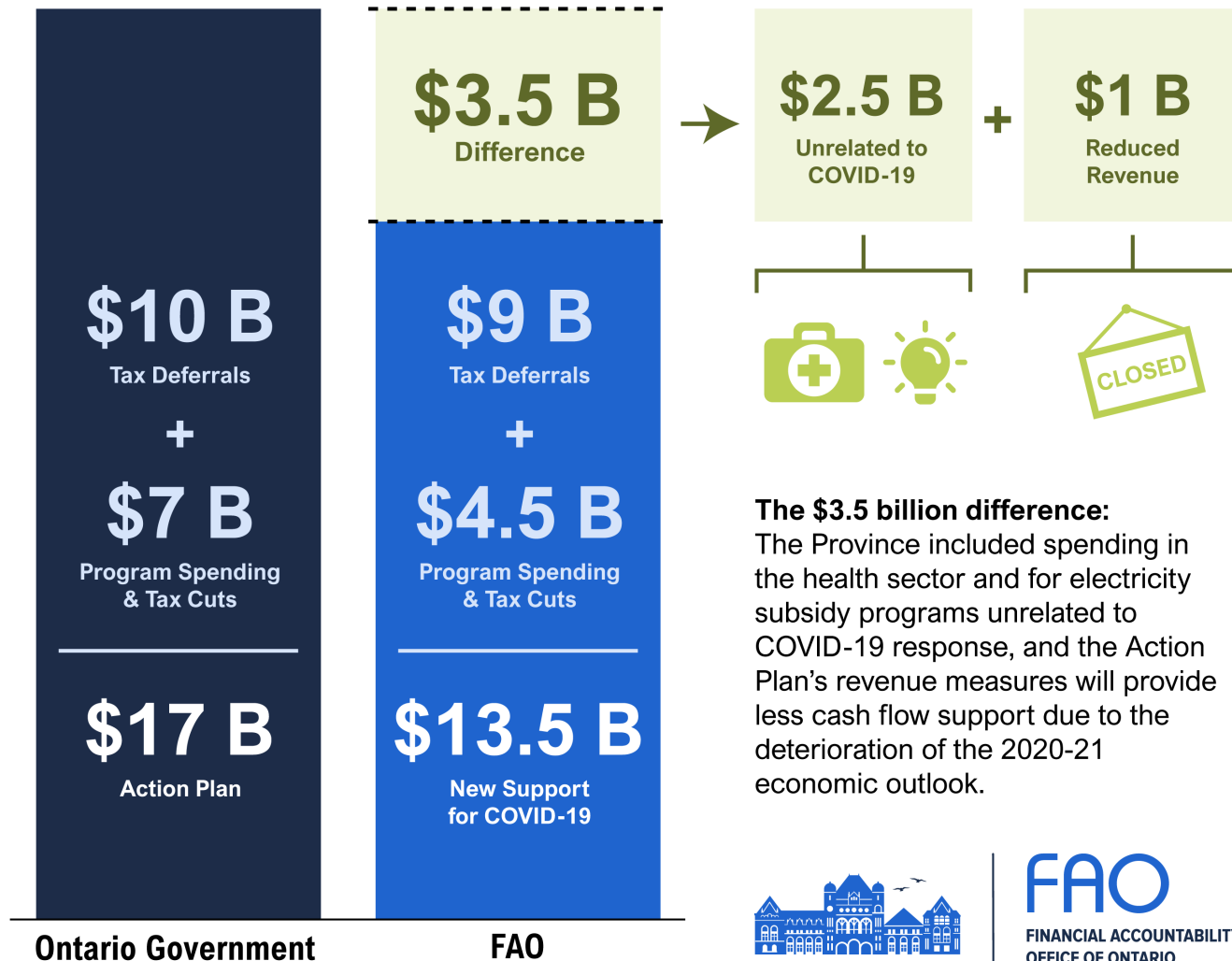
LIVE FROM OTTAWA [A.CA/CORONAVIRUS](https://www.cbc.ca/coronavirus)

FEDERAL COVID-19 UPDATE

■ FAO report finds Ford government had \$12 billion in contingency funds for pandemic spending on September 30.

STOCK	PRICE	CHANGE
DOKFIELD ASSET MGMT.	53.61	▲ 0.03
CAMECO	15.55	►
UNCH	1	

FAO's review of the government's \$17 billion COVID-19 Action Plan





Analysis of Government Policy





“

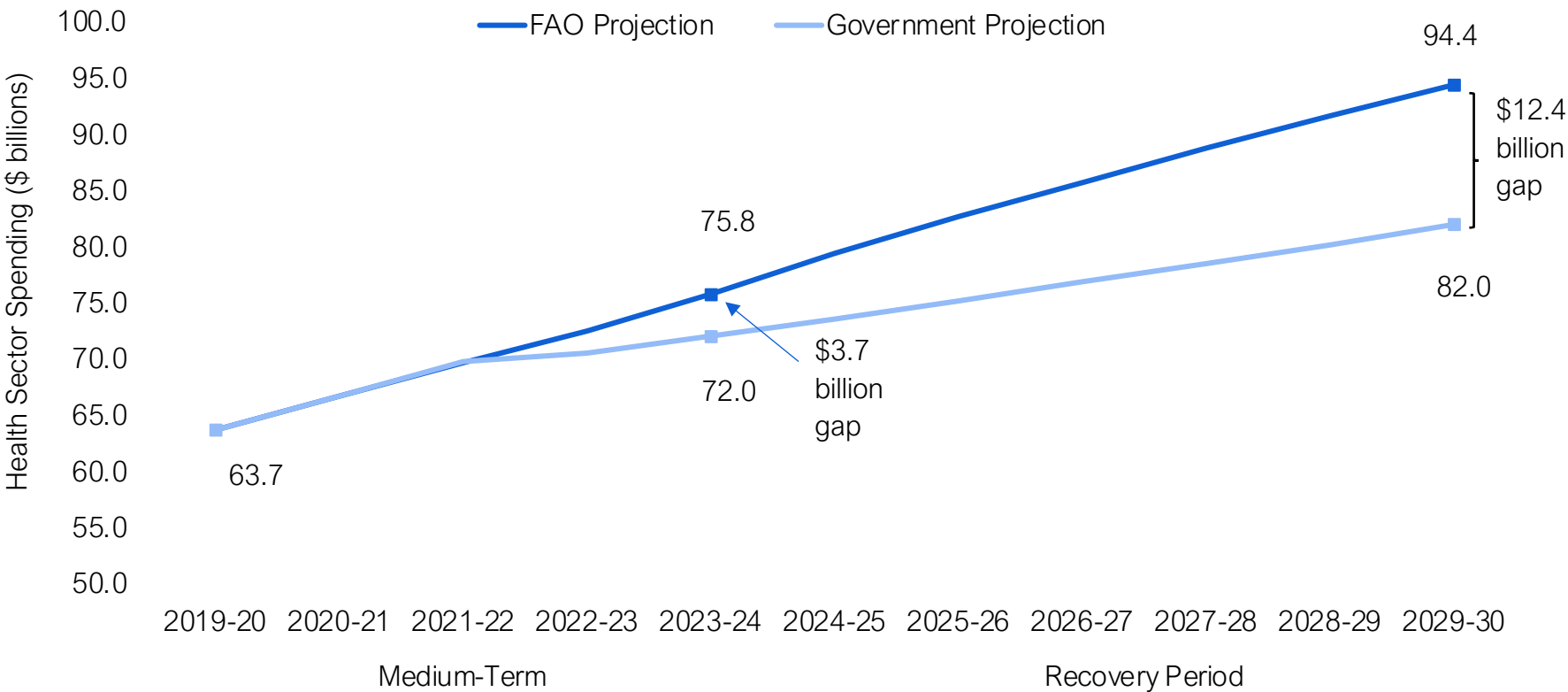
FAO reports are very helpful for the opposition to hold the government accountable, and for helping forecast/predict future government actions (e.g. they'll need to cut X amount to meet Y stated deficit reduction goals in Z ministry). ”

MPP Engagement Survey conducted by FleishmanHillard Highroad



Base Health Sector Spending Outlook

If the Province is to meet its spending targets, then it will need to make program changes that result in annual savings of \$3.7 billion by 2023-24 and \$12.4 billion by 2029-30.



Note: Base health sector spending excludes time-limited spending related to the COVID-19 pandemic. The 'recovery period' represents the time period in the 2021 Ontario Budget during which the government plans to achieve a balanced budget.

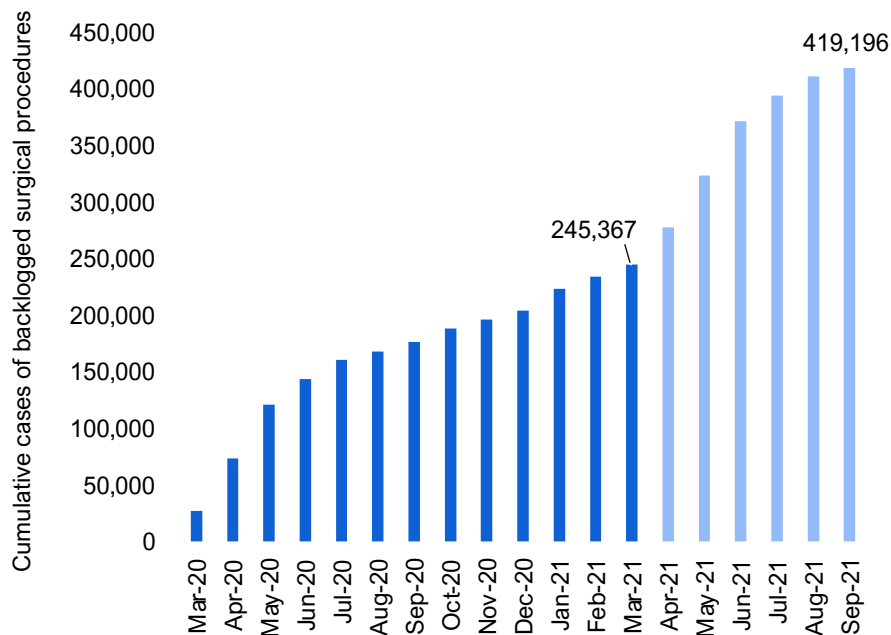
Source: 2019-20 Public Accounts of Ontario, 2021 Ontario Budget and FAO analysis of provincial information.

Procedure Backlog Estimate

- The FAO projects that the elective surgery backlog will reach 419,200 procedures and the diagnostic backlog will reach nearly 2.5 million procedures by the end of Sept 2021.

Surgical Procedure Backlog

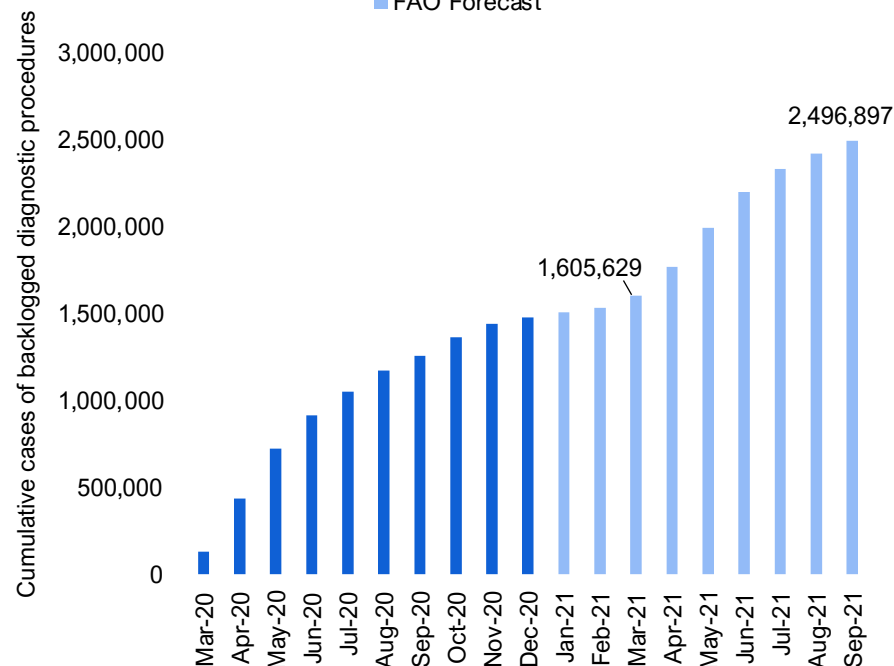
■ FAO Forecast



Note: Elective surgeries refer to surgeries that do not involve a medical emergency and therefore do not need to be performed immediately. These include procedures such as cataract, hip replacement, knee replacement, gallbladder and select cancer surgeries.

Diagnostic Procedure Backlog

■ FAO Forecast



Note: Diagnostic procedures included in this analysis are adult and pediatric CT scans, MRI scans and cancer screening tests, such as fecal tests, screening mammograms, pap tests and screening MRIs.

Source: Ontario COVID-19 Science Advisory Table, "Update on COVID-19 Projections," April 16, 2021, Ministry of Health, Health Quality Ontario and FAO projection.

Reduction in Teachers

The FAO compared the new class size policy against the old class size policy and projects:

- There will be an estimated 2,826 fewer teachers in the 2019-20 school year as a net result of the new class size targets and the Teacher Job Protection Fund.
- By the 2023-24 school year, there will be 10,054 fewer teachers in the education system.

Net impact of new class size policy and Teacher Job Protection Fund on teacher jobs by school year

	2019-20	2020-21	2021-22	2022-23	2023-24
Required Reduction in Teachers to Achieve New Class Size Policy	-8,846	-9,132	-9,460	-9,781	-10,054
Teaching Jobs Protected by the Teacher Job Protection Fund	6,020	3,941	1,734	0	0
Net Impact on Teacher Jobs	-2,826	-5,191	-7,726	-9,781	-10,054

Note: Required reduction in teachers to achieve new class size policy is relative to the number of teachers that would have been funded under the old class size policy.

Source: FAO analysis of data from EDU and Statistics Canada.



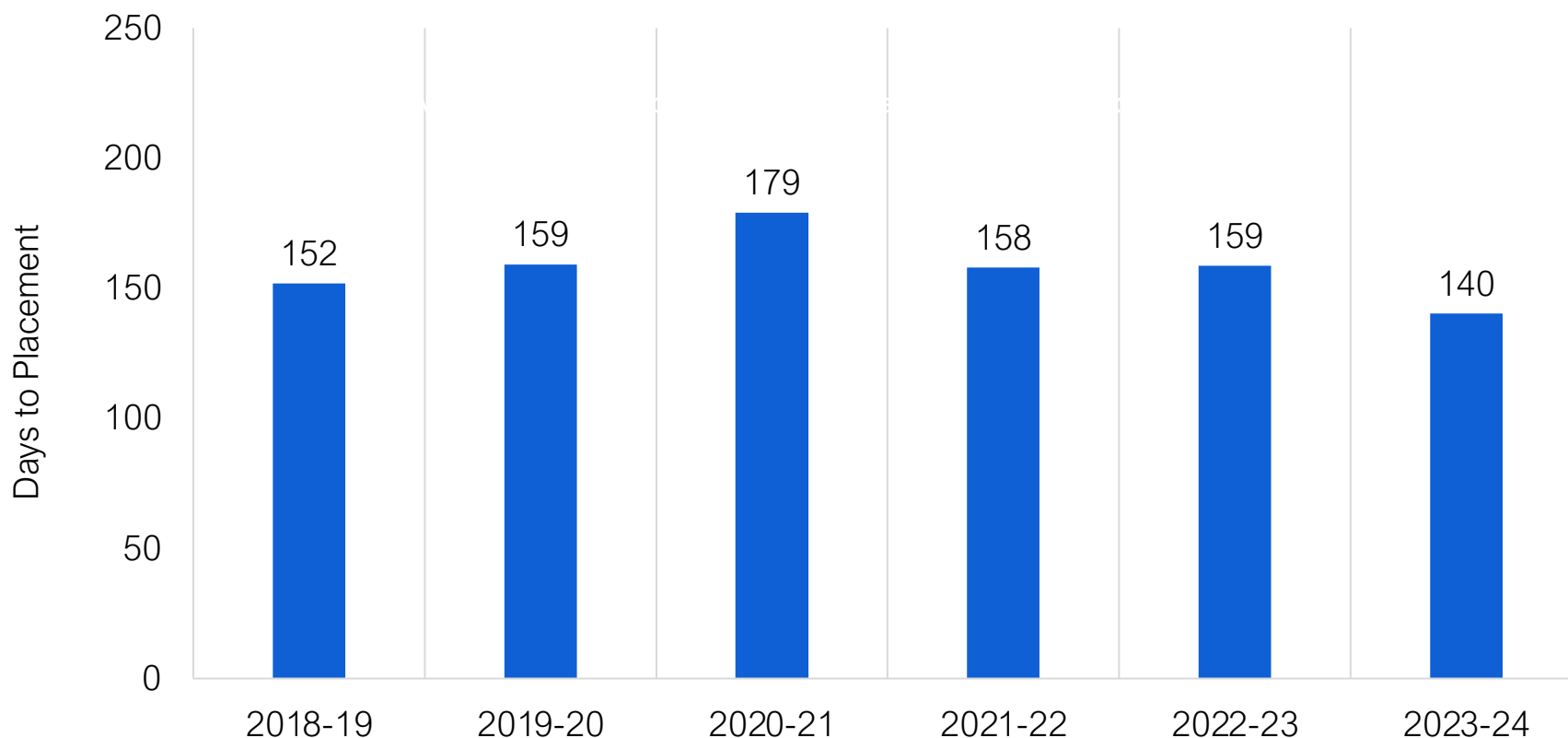
Andrea Horwath on education and Ontario teachers. (2018)

0:25 to 0:35



LTC wait times projection

The FAO projects a decrease in wait times by 2023-24, due to a higher turnover of beds

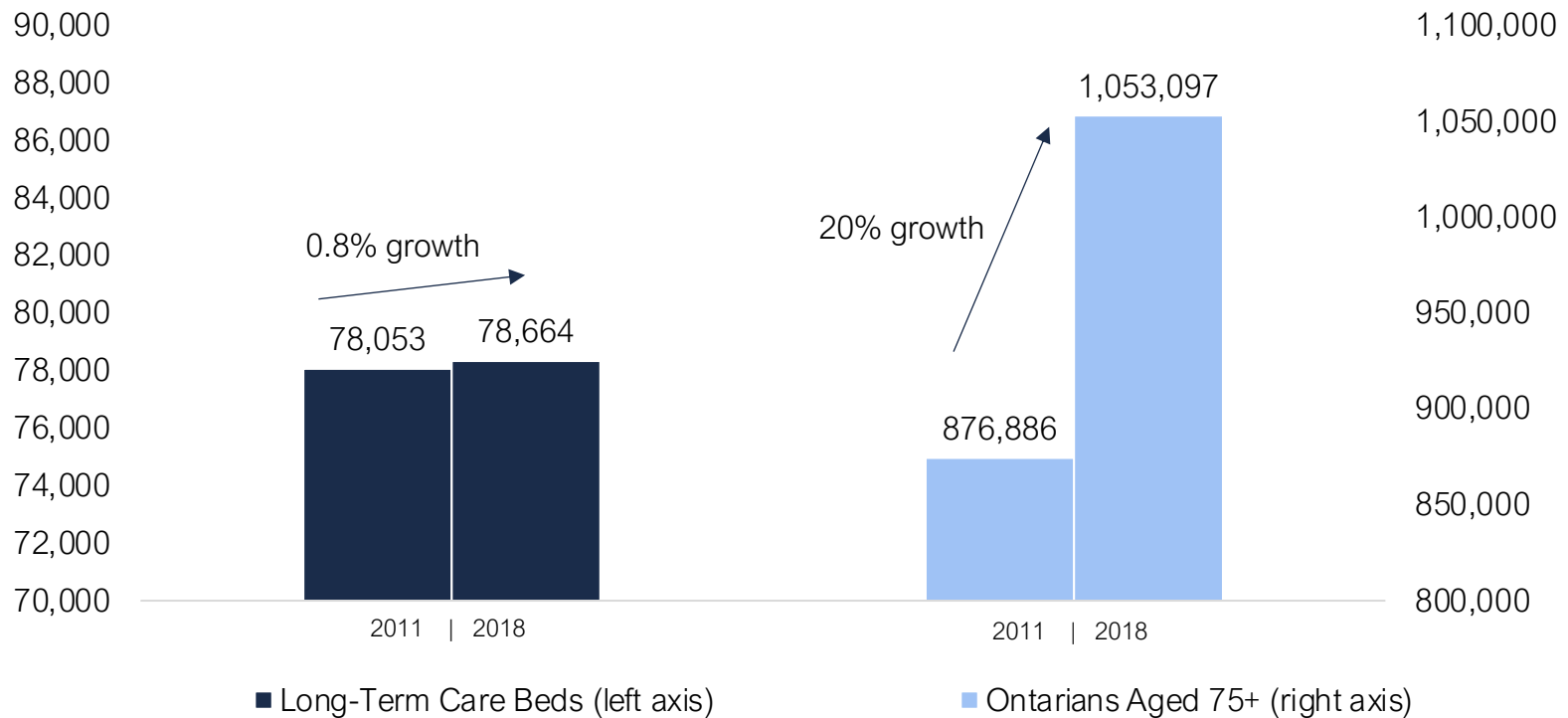


Sources: FAO.

Why has the wait list increased?

Growth in Ontarians aged 75 and over has outpaced the growth of long-term care beds.

Growth in elderly Ontarians has exceeded growth in the number of long-term care beds



Source: Statistics Canada, Table 17-10-0005-01, Ministry of Finance, Ontario Population Projections 2018-2046, updated October 1, 2019, and information provided to the FAO by MLTC.



Lindsey Park on Ontario's long-term care waitlist. (2021)

13:50 to 14:16



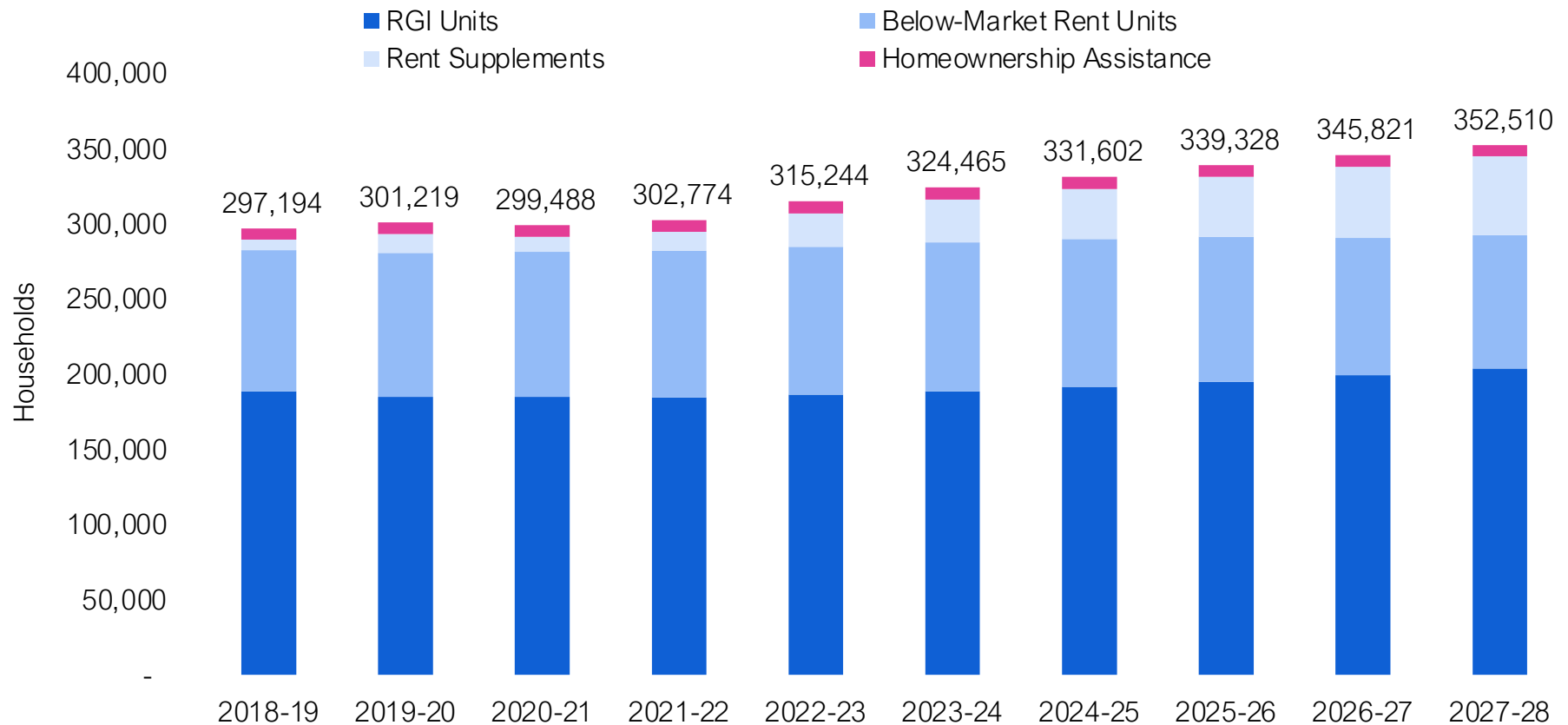
“About 7 out of 10 MPPs said that
FAO reports are useful.”

MPP Engagement Survey conducted by Leger



Affordable Housing - Outlook for Households Supported

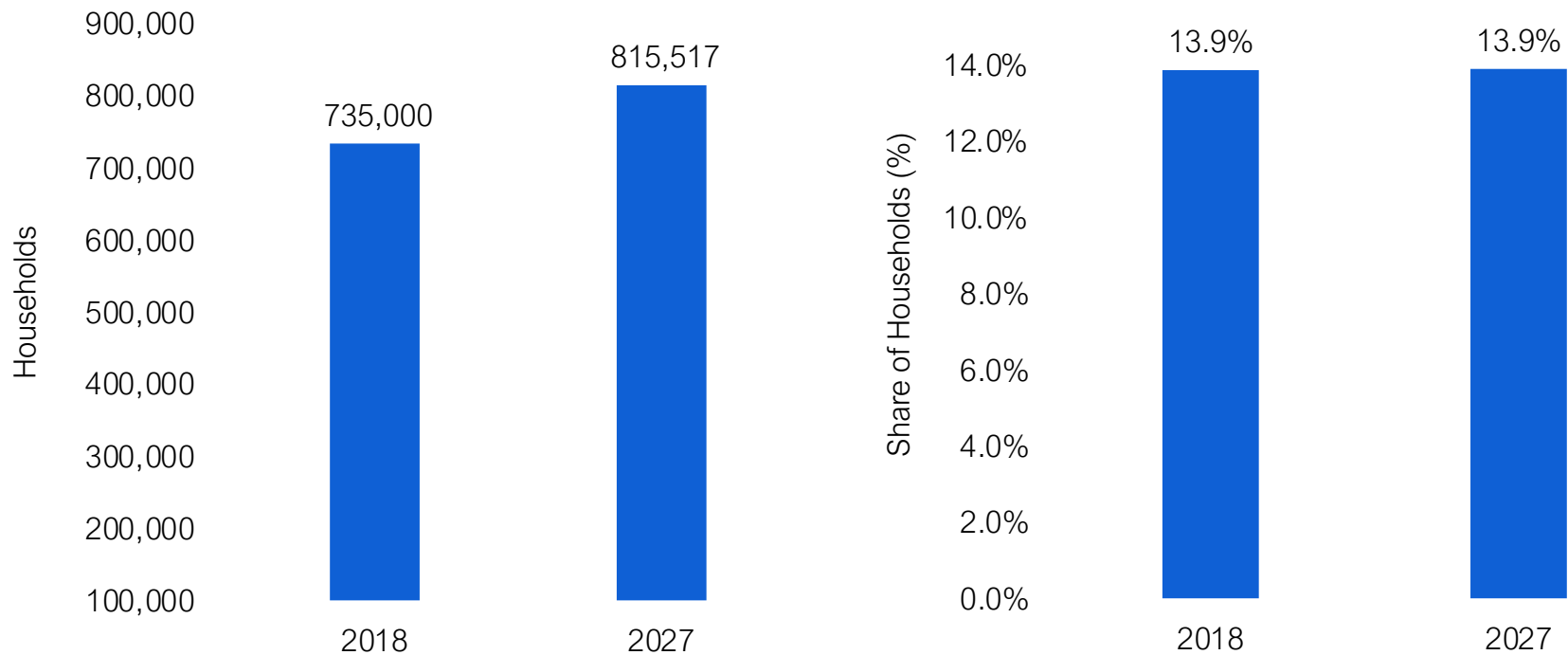
The FAO projects that the number of households supported will reach 352,500 in 2027-28, an increase of 55,300 from 2018-19.



Source: FAO analysis of information provided by MMAH; Government of Ontario, "Community Housing Renewal: Ontario's Action Plan Under the National Housing Strategy"; and the CMHC-Ontario Bilateral Agreement under the 2017 National Housing Strategy.

Projection for Core Housing Need

- The number of households in core housing need is expected to increase to 815,500 households in 2027, an increase of 80,500 households from 2018.
- The share of Ontario's households in core housing need will remain unchanged in 2027, compared to 2018, at 13.9 per cent.



Source: FAO analysis of information provided by MMAH, Statistics Canada and CMHC.



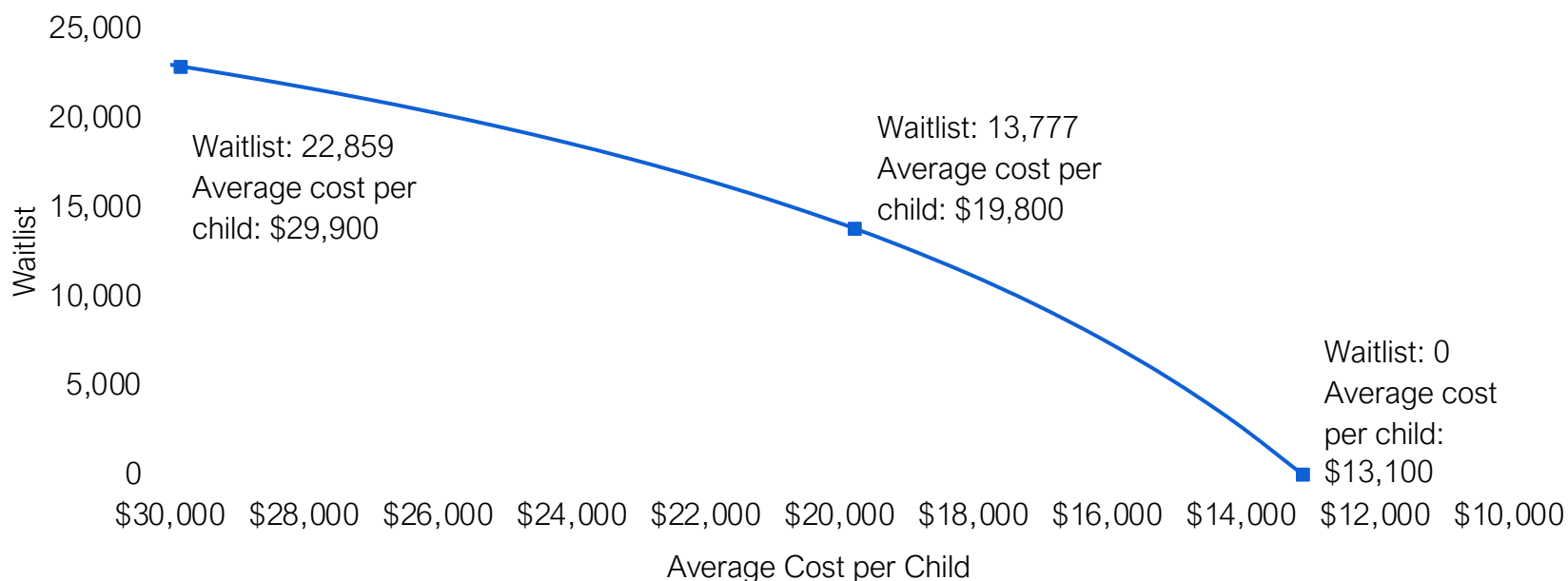
Discussing the FAO's role with The Agenda's Steve Paikin. (2021)

4:39 to 5:21

Scenario 2:

Autism- Fixed Budget and Lower Service Levels

- With a budget of \$600 million, lowering service levels would increase the number of children that receive support and reduce the waitlist.
 - To eliminate the waitlist, the average cost per client would need to be reduced to \$13,100, a 56 per cent reduction from 2019 OAP service levels.
 - If the new OAP were to provide service levels similar to the IBI/ABA programs prior to 2017, which averaged \$19,800 per client, then the waitlist would be 13,800 children.



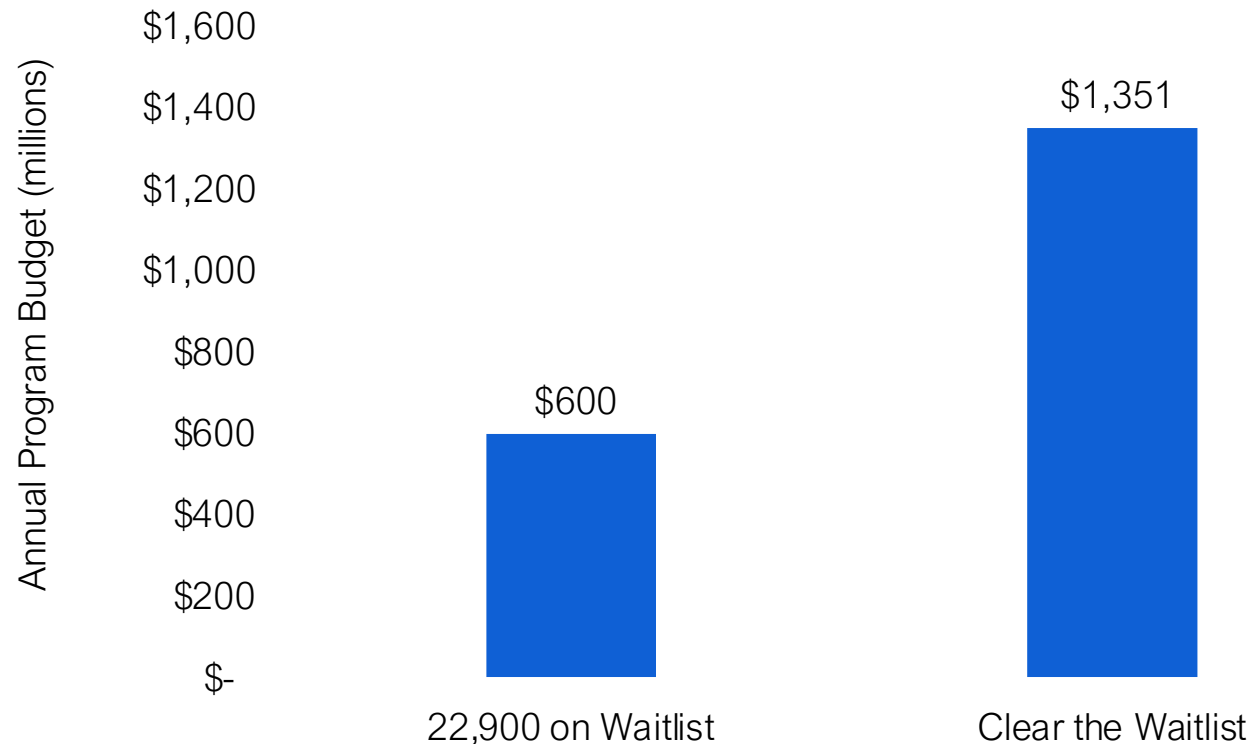
Note: Average cost per child of \$29,900 represents the 2019 OAP service levels, \$19,800 represents the pre-OAP programs (IBI/ABA), and \$13,100 represents the required average expense to eliminate the waitlist.

Source: FAO analysis.

Scenario 3:

Increased Budget and 2019 Service Level

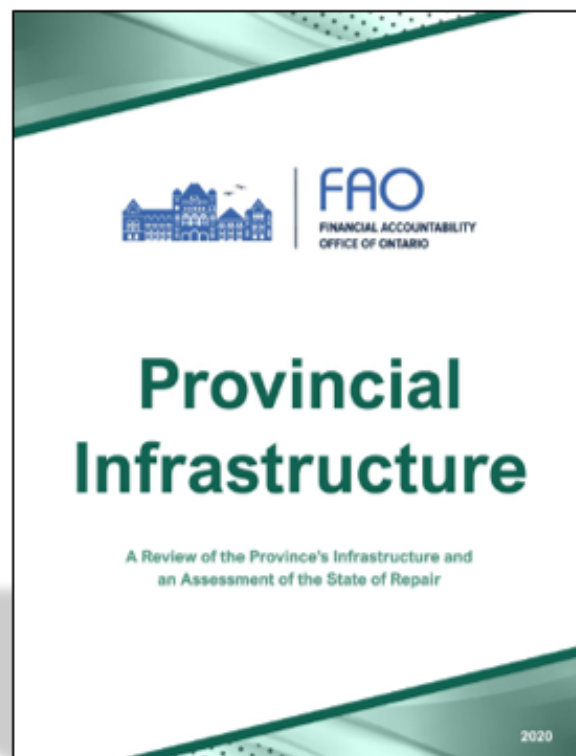
- With 2019 OAP average service levels (\$29,900 per client), to eliminate the waitlist entirely the budget for the new OAP would reach \$1.4 billion.
 - 40,700 children and youth would receive needs-based services averaging \$29,900 per child.



Source: FAO analysis.



Deep Dive



Provincial Infrastructure



Steps to building a reliable report

1. Determining the questions we want to answer
2. Data collection and cleansing
3. Modelling needs
4. Running the model and analyzing the output
5. Drafting the report and presentation
6. Quality Assurance / Reasonableness test
7. Publication and post-publication support





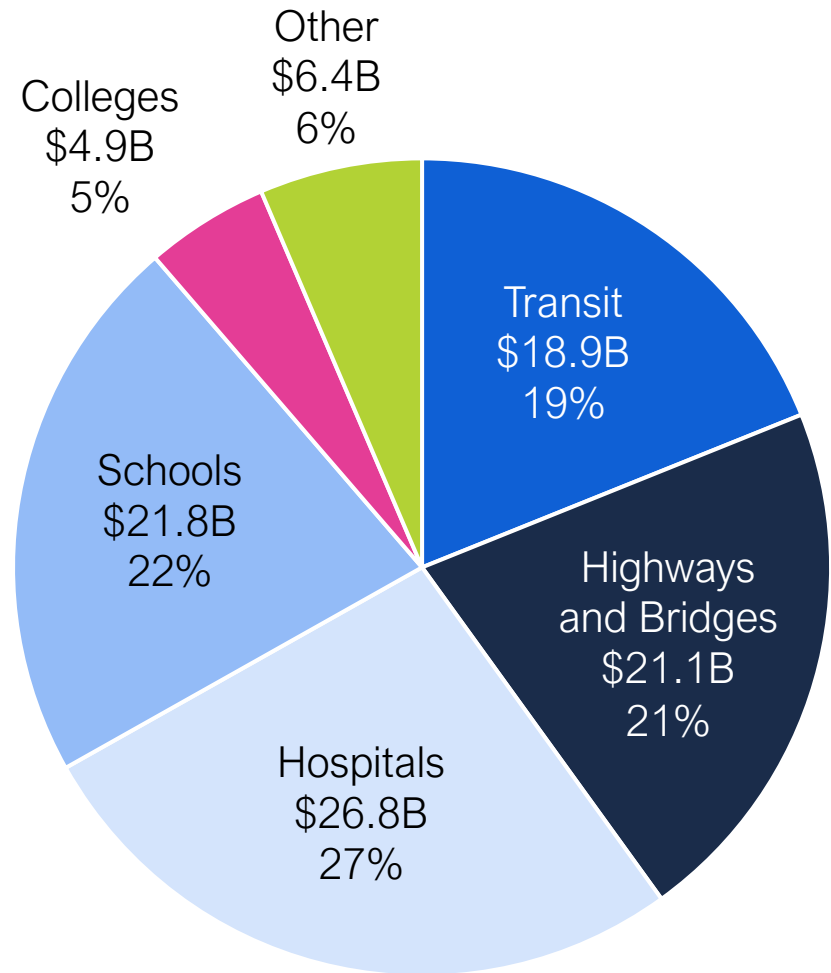
Infrastructure Questions

1. What does the province own and how much is it worth?
2. What kind of shape is it in? What shape should it be in?
3. How much would it cost to get it into the shape it should be in?
4. How does the government's plan compare?



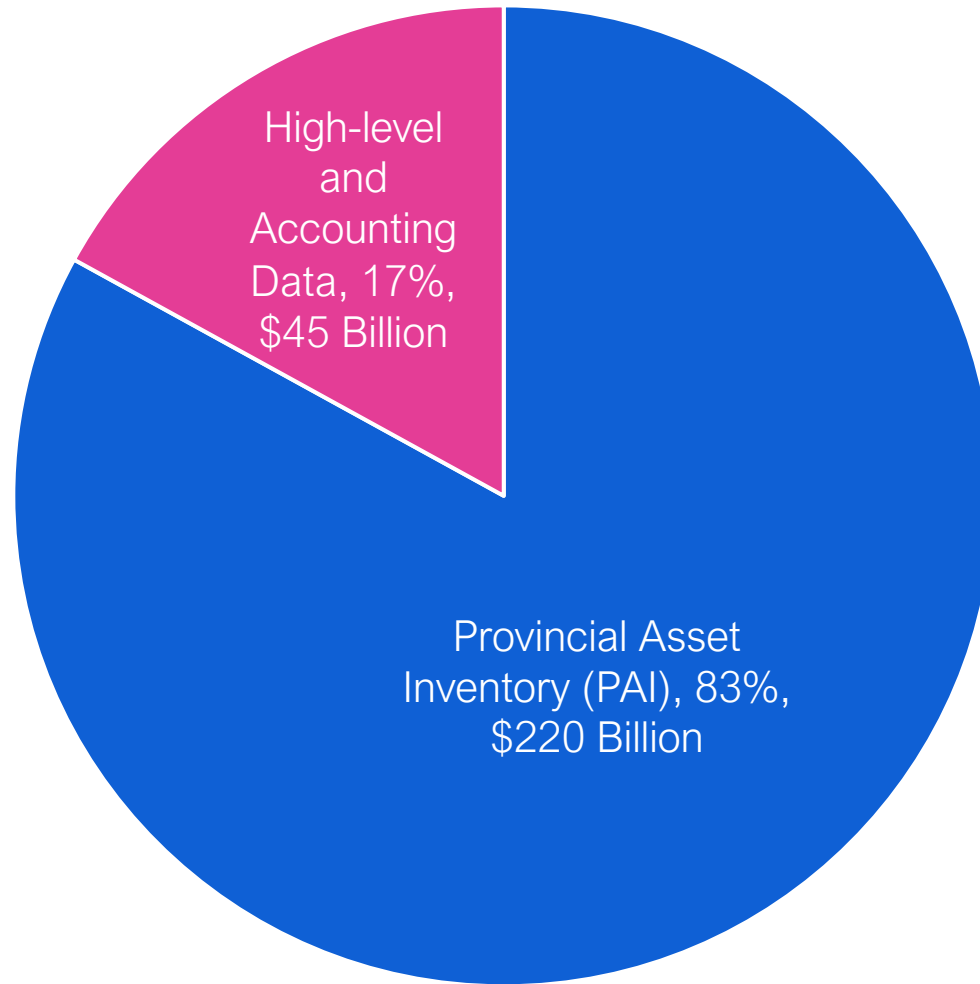
What Infrastructure does the Province's own?

- Focus on consolidated assets
- Roughly \$100 billion in assets on a Net Book Value basis
- But NBV is an accounting concept...



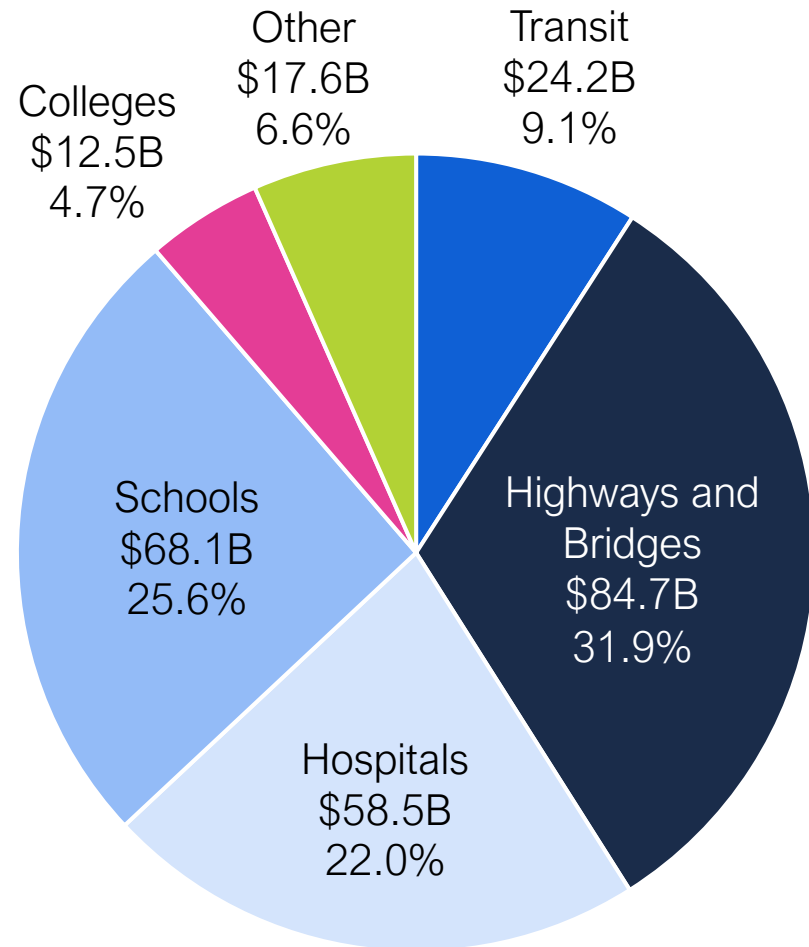
Source: 2018-19 Ontario Public Accounts

What Infrastructure data exists?



The Value of the Province's Infrastructure

- The Province owns or controls \$265.6 billion worth of infrastructure as of March 31, 2020.

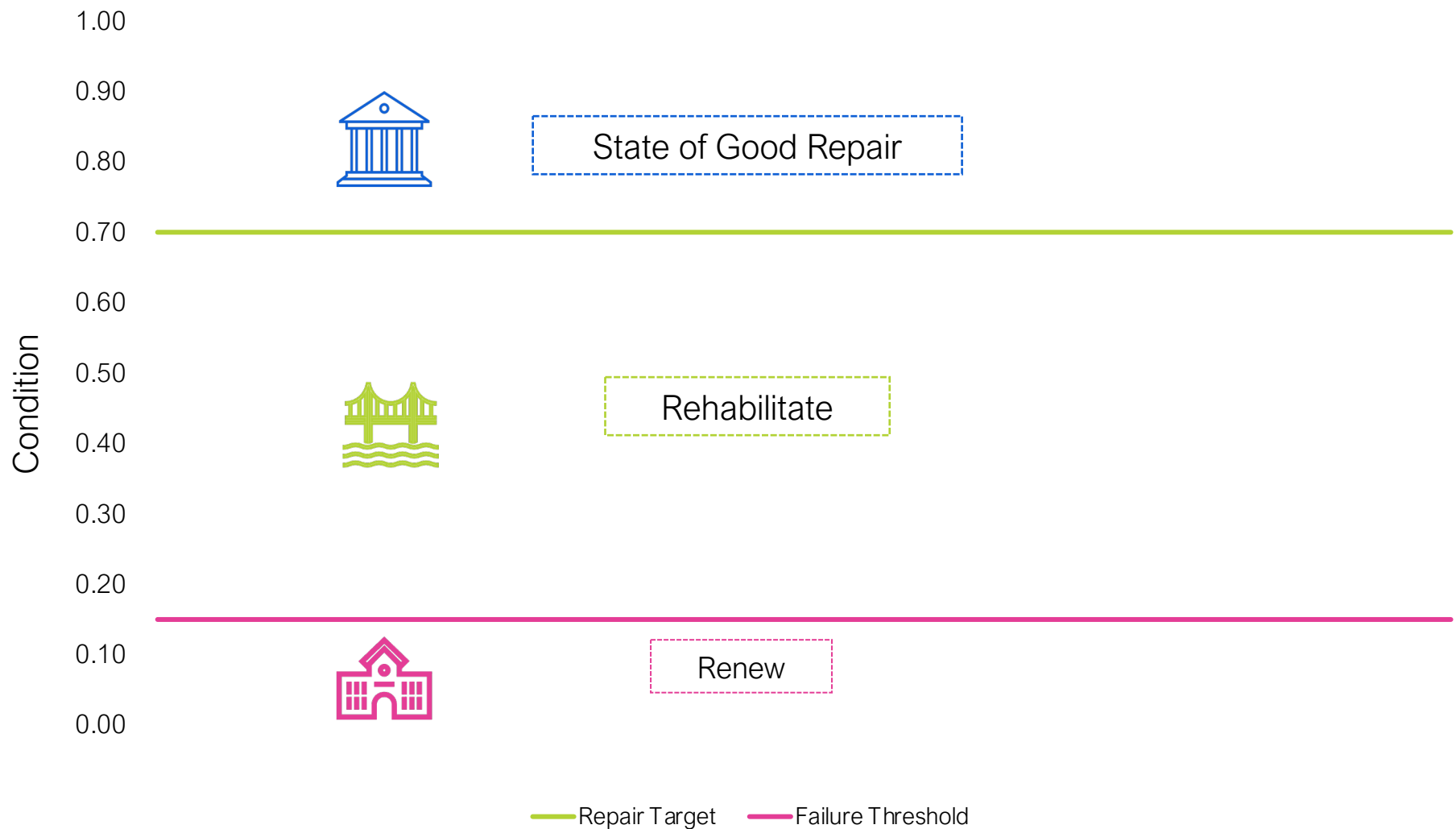


Source: FAO analysis of information provided by the Ministry of Infrastructure and several other ministries.

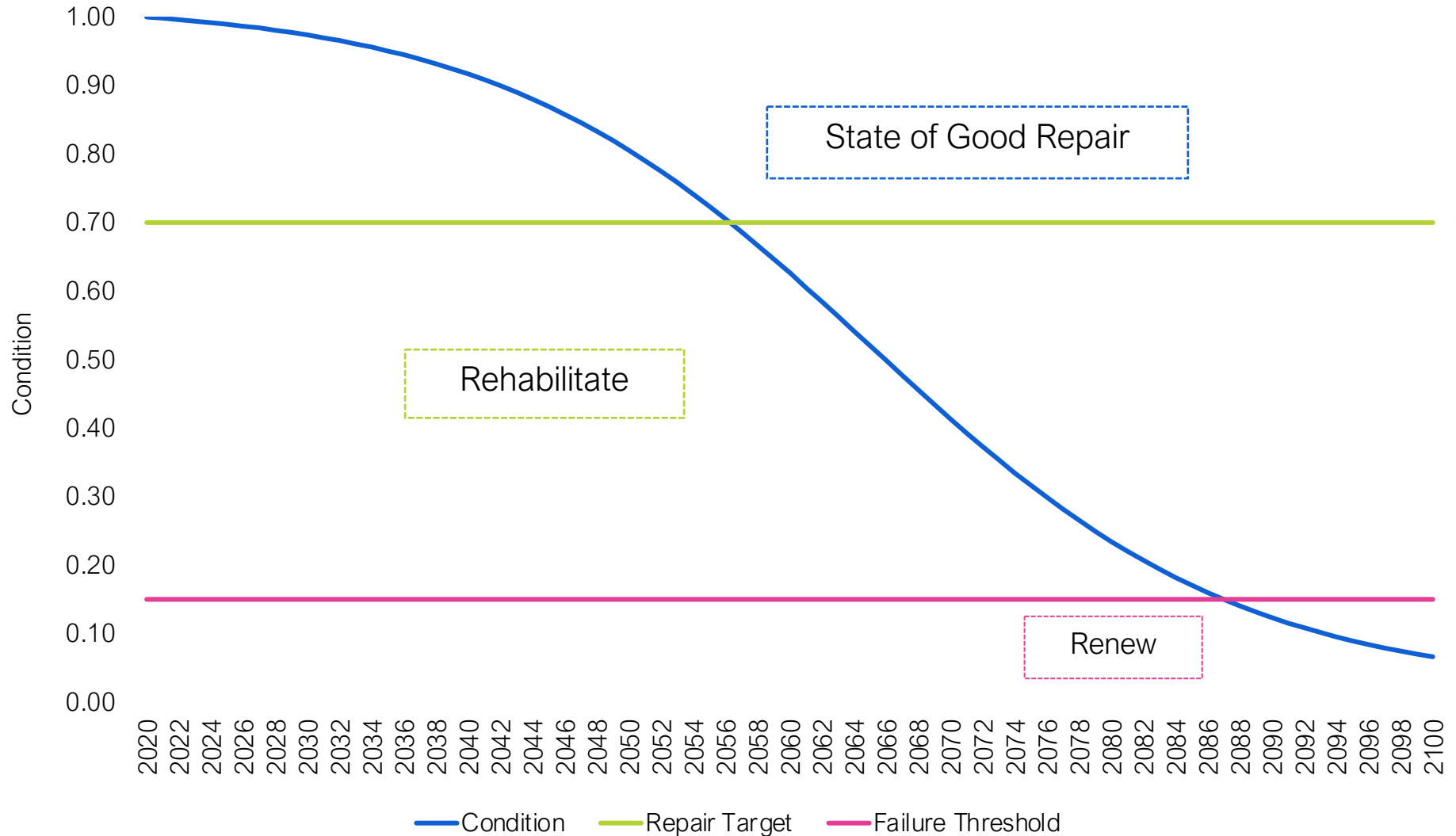
Ministry of Infrastructure's Performance Standards

Sector	Asset Class	Asset-Type	Repair Target*	Failure Threshold*	Useful Life (Years)
Transit	Buildings		90	35	17
	Engineering		90	35	21
	Machinery & Equipment		85	35	11
Highways and Bridges	Roads and Highways	Arterial Roads	80	35	31
		Collector Roads	75	40	31
		Freeways	80	55	32
		Local Roads	70	35	31
	Bridges and Culverts	New Bridges	76	40	52
		Old Bridges, Deprecated	76	45	36

Evaluating Asset Conditions



Updating Asset Conditions



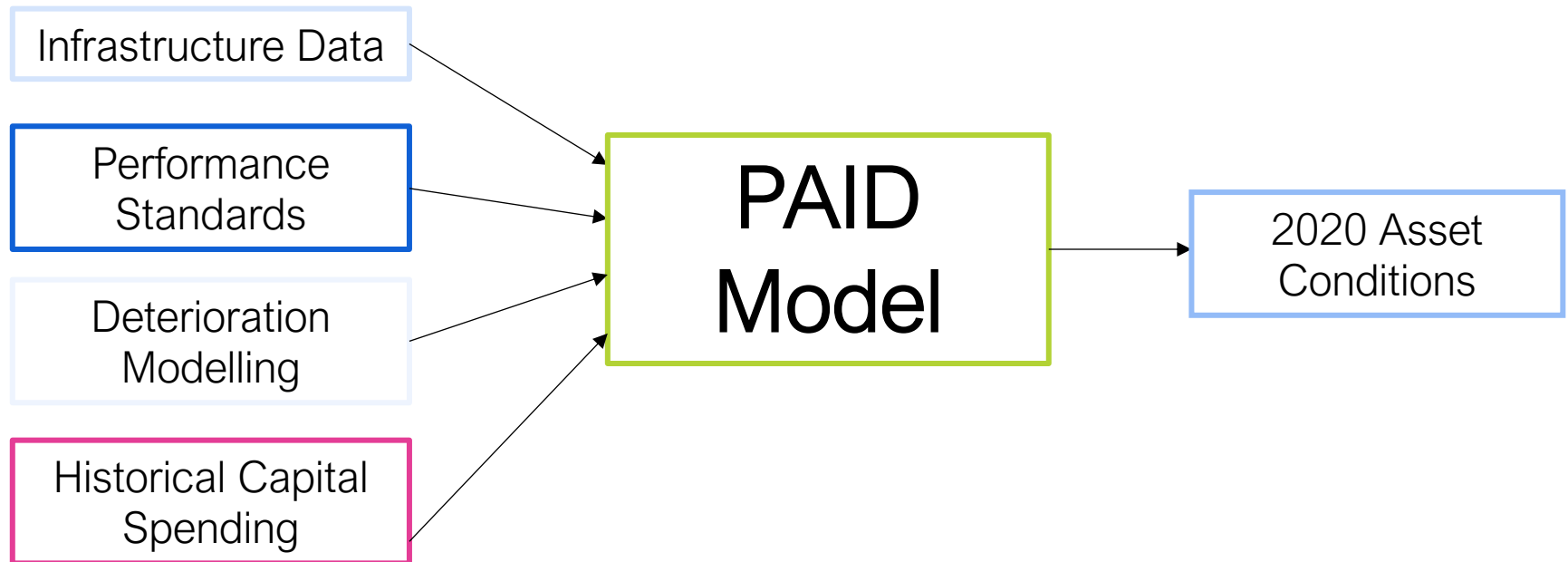


Incorporating past capital spending

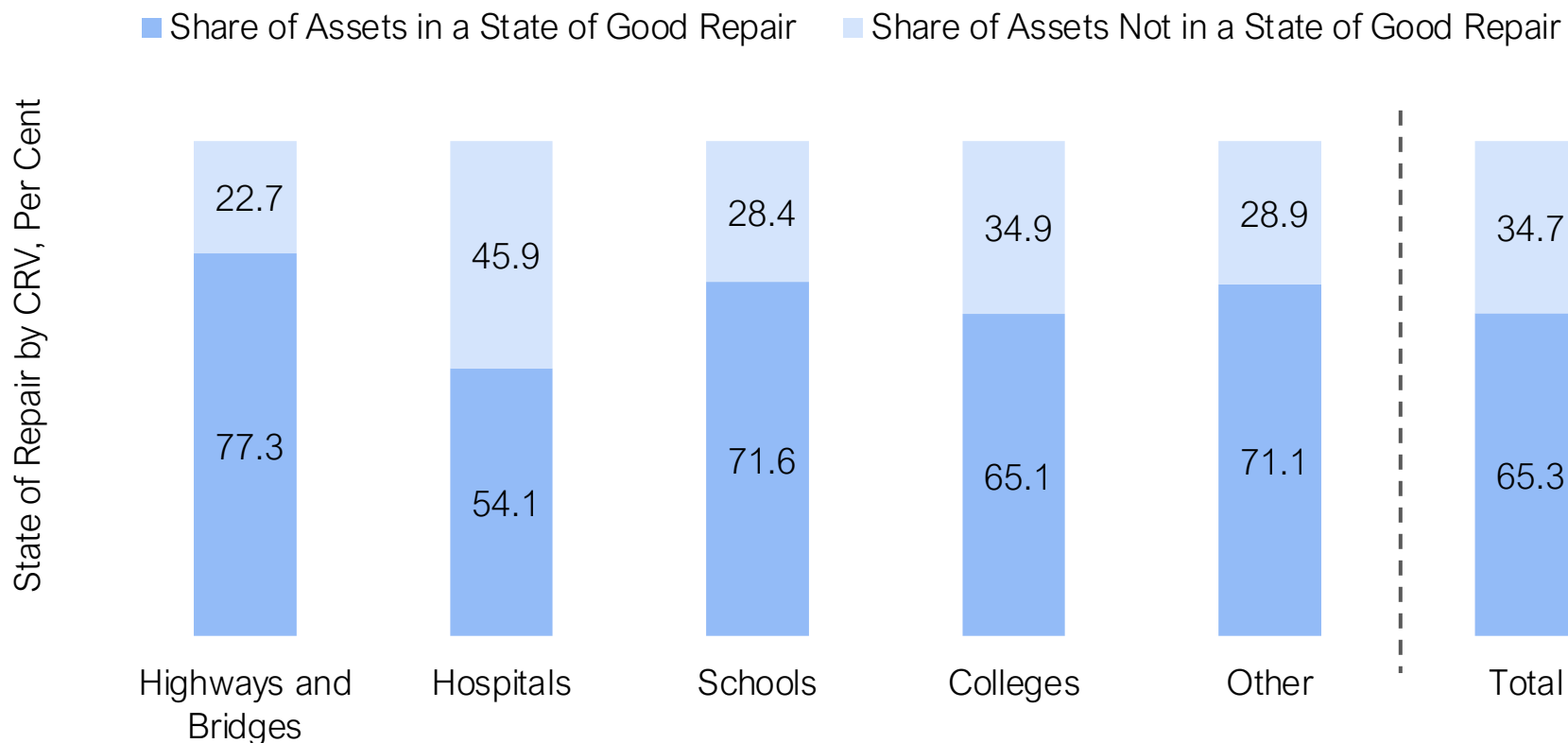


Source: FAO analysis of information provided by the Ministry of Infrastructure and several other ministries.

Getting to 2020 Asset Conditions



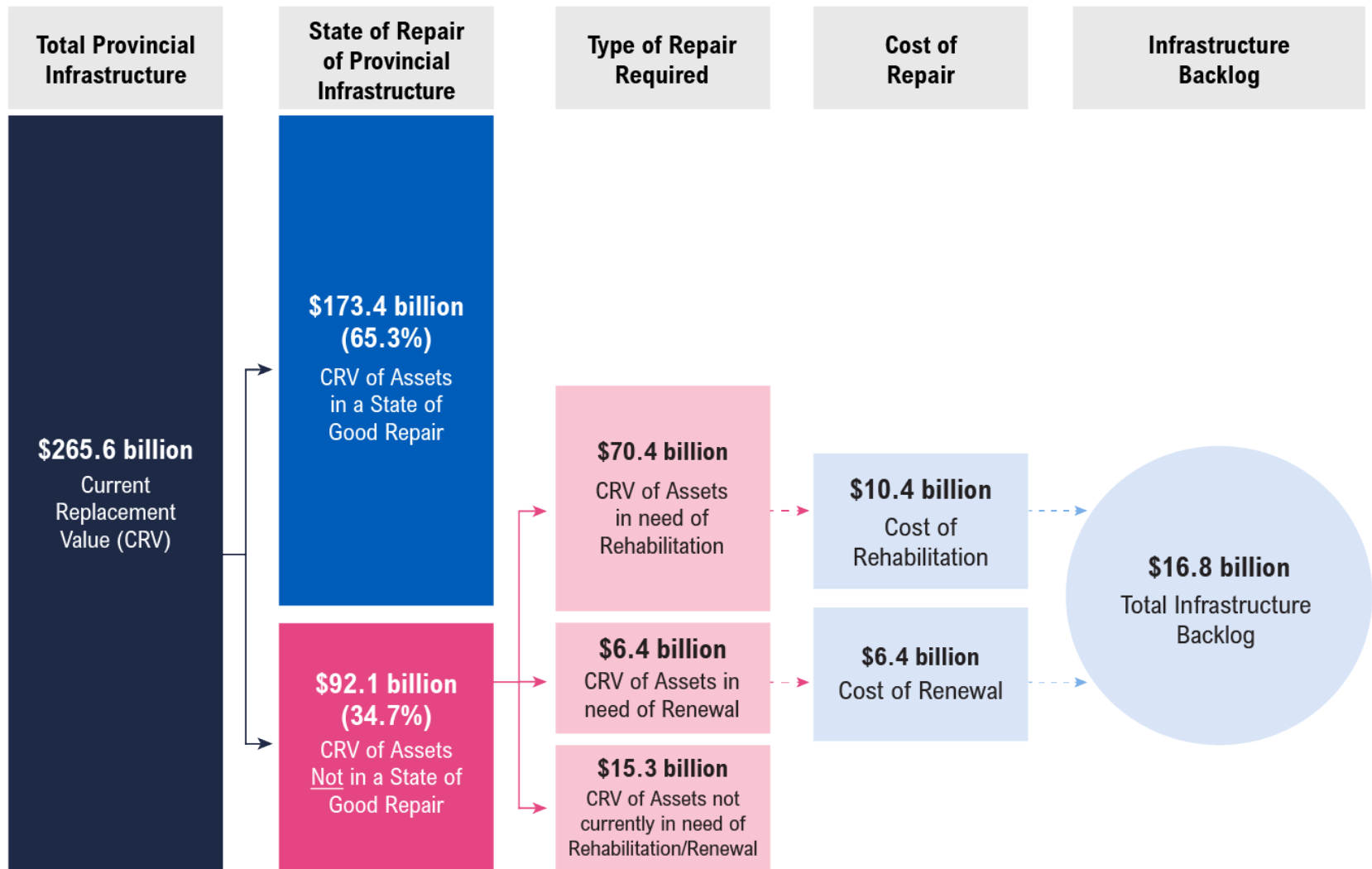
The State of Repair of the Province's Infrastructure



Note: Transit sector assets are not presented separately in this chart as Metrolinx and ONTC were unable to provide the FAO with asset-level condition information.

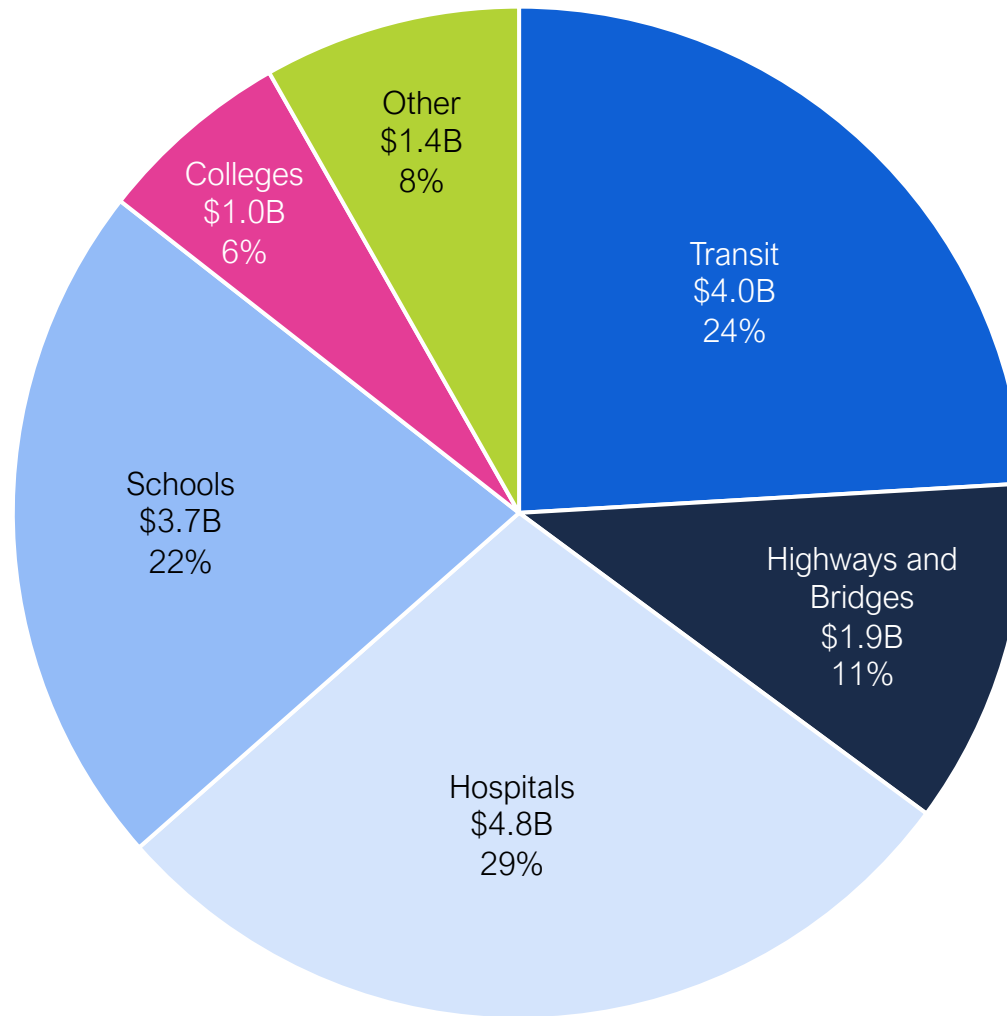
Source: FAO analysis of information provided by the Ministry of Infrastructure and several other ministries.

Understanding Ontario's Infrastructure Backlog



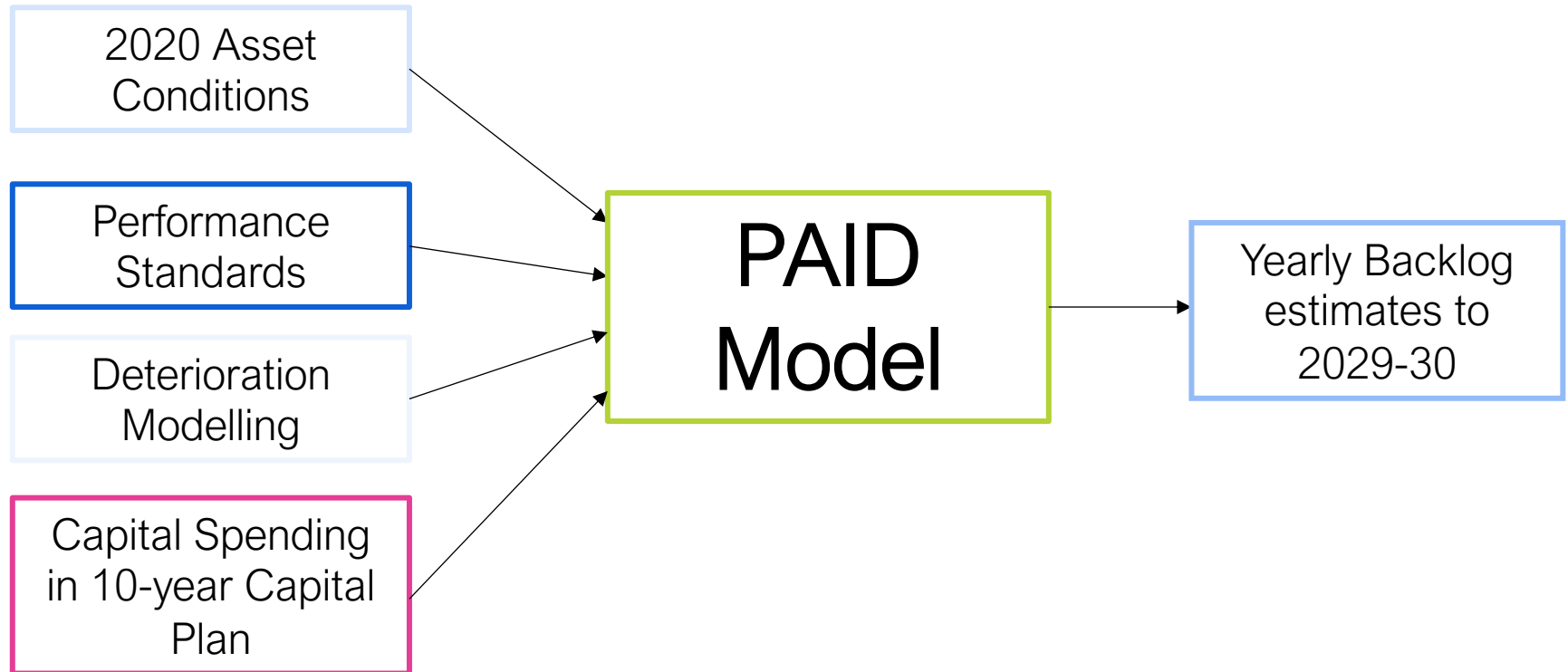
Source: FAO analysis of information provided by the Ministry of Infrastructure and several other ministries.

Ontario's Infrastructure Backlog by Sector

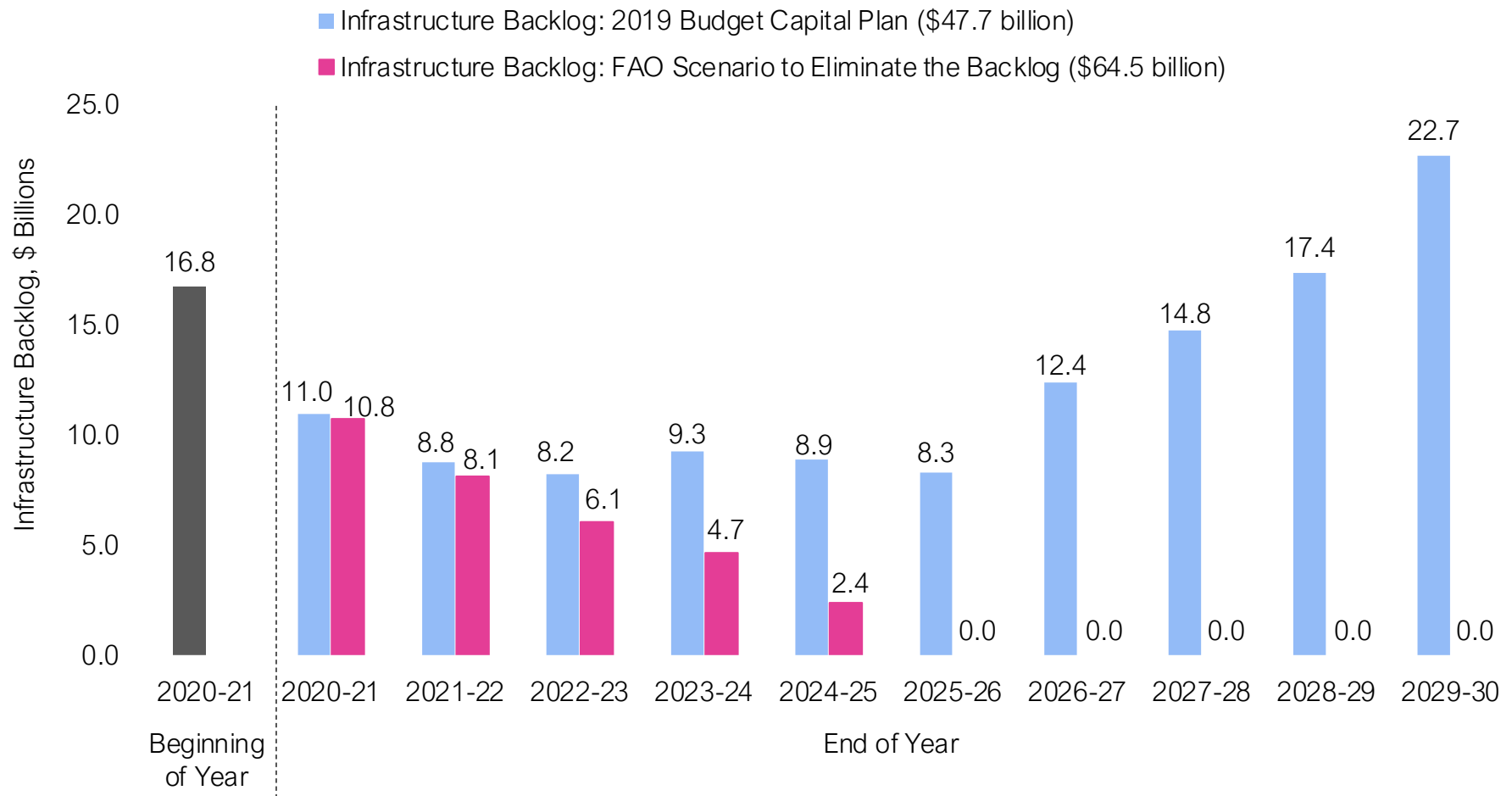


Source: FAO analysis of information provided by the Ministry of Infrastructure and several other ministries.

Assessing the Government's Plan

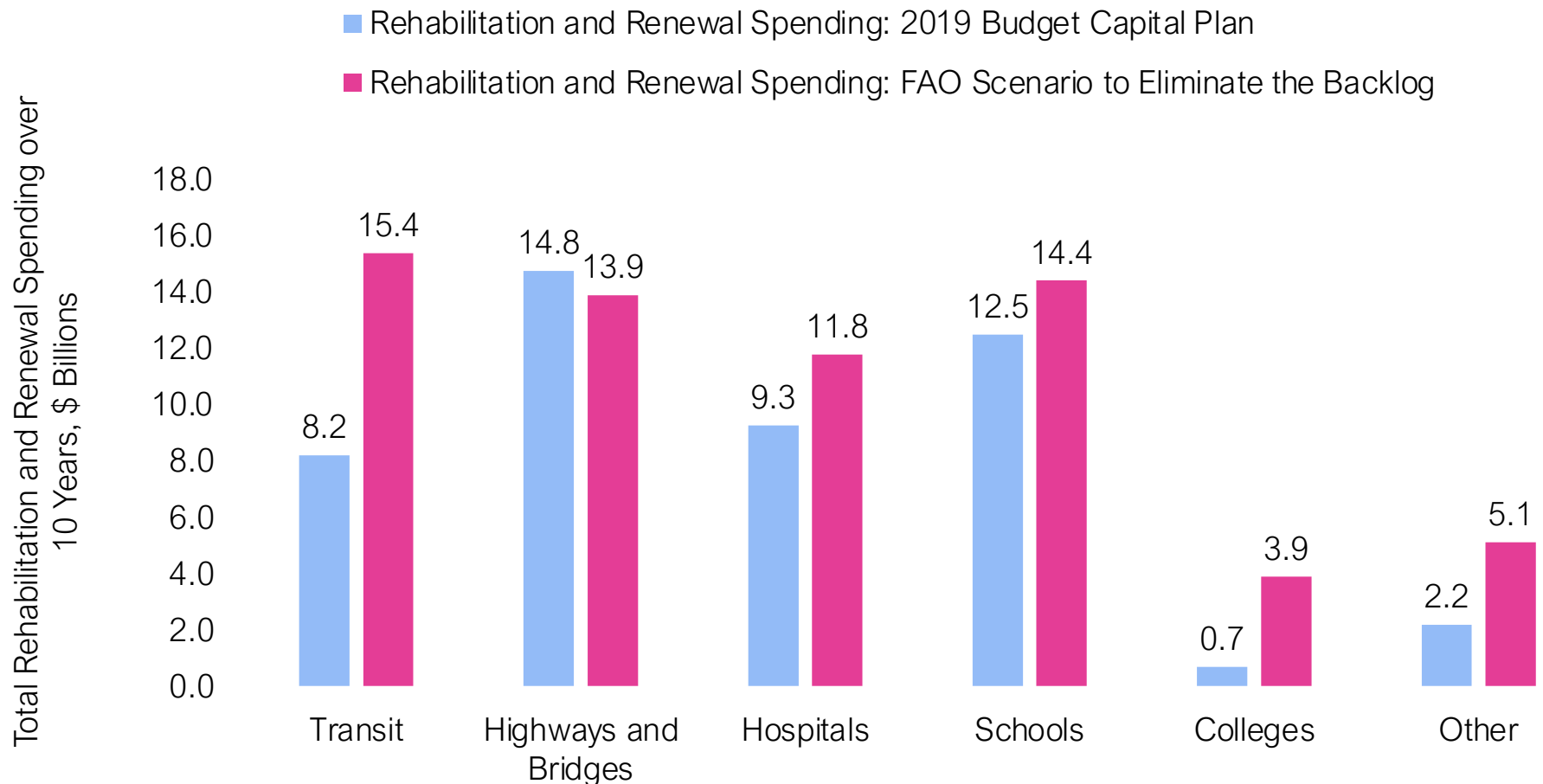


Projecting the Infrastructure Backlog over 10 Years



Source: FAO analysis of information provided by Treasury Board Secretariat and several other ministries.

Infrastructure Funding Gaps by Sector



Source: FAO analysis of information provided by Treasury Board Secretariat and several other ministries.



Stakeholder Review and Publication

- The FAO sent its report to eight different government ministries for review and comment
- Follow-up based on comments
- Incorporate relevant feedback
- And finally the report is published





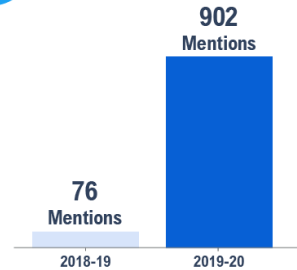
2019-20 Annual Report

The Year In Review

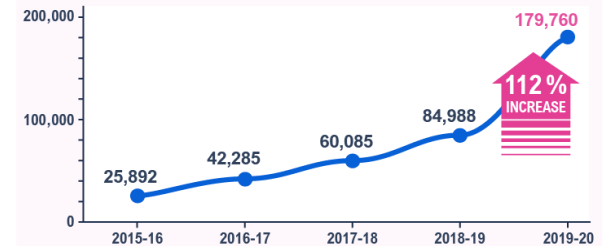
2019-20



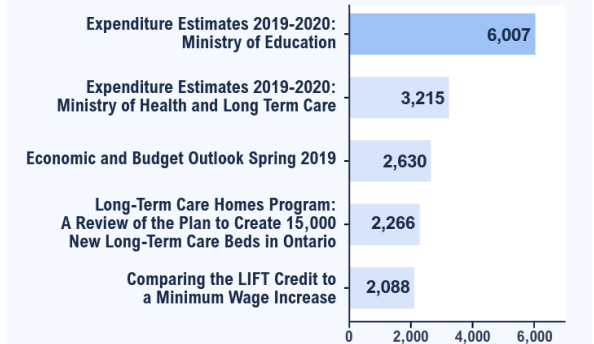
Twitter



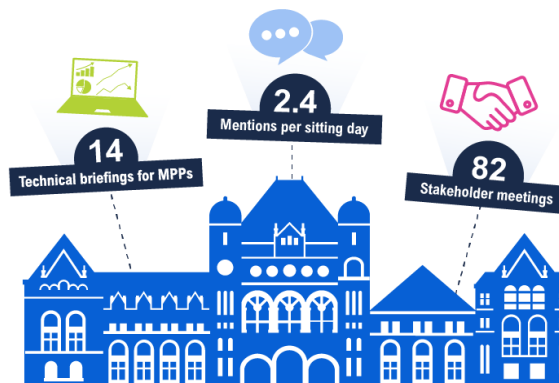
Website Hits



Number of Website Hits by Report (2019-20)



By the Numbers



19 Reports
15 in 2018-19



3,695 Media Hits



530 Subscribers

Thank you!



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