Provincial News: 11/10/2016

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--TBS FYIs --

1. Public Accounts

ISSUE:

- Editorial coverage of Public Accounts, highlighting fight between Auditor and Province

KMs:

- There is a professional difference of opinion between accountants in the Treasury Board and the Auditor General.
- As we try to resolve this difference of opinion we are accepting the Auditor Generals deficit and debt numbers for last year 2015-16
- Even when we accept the AG's numbers our deficit is $3.5B lower than our original projection and $700M lower than our last projection
- This is the 7th year in a row that we've beaten our deficit targets and we remain on track to balance the budget in 2017-18
- We've used the same accounting practices in Ontario when it comes to pension assets for the last 14 years.
- These practices have been signed off on by 4 different Auditor Generals including twice by the current Auditor.
- We have passed a new regulation taking the Auditor Generals view of our books for last year 2015-16.
- And we will be consulting with experts on how our pension assets should be accounted for moving forward.
- We want to be open and transparent about Ontario's financial position which is why we released the statements yesterday

--Provincial News--

MEDG

ISSUE:

- Unifor and Chrysler reach a deal, down to the wire with strike deadline

KMs

- We are pleased to see that a tentative deal has been reached
- We will continue to be a strong partner for the auto sector

CYS

ISSUE:

- In an interview with Andrea Gordon, Minister Coteau said that the system needs massive change and that the program we see in June 2017 will reflect that

KMs

- Ontario's new autism program will provide all children, regardless of age, with more flexible services based on the unique needs of children and youth.

- We are investing <u>**half a billion dollars**</u> in autism services
    - **$333 million over five years** to implement the Ontario Autism Program, and an additional **$200 million** during the transition period.
- We are creating **16,000 new service spaces** within 5 years, and increasing the amount of spaces for ABA during the transition period.
- We aim to reduce wait times to **6 months or less** under the new program.
- We are **increasing access to earlier diagnosis** by creating **5 regional diagnostic hubs.**
- We are providing funding for school boards for **after-school skills programs**, and providing one-time funding to **support kids entering school** during the transition to the new program.
- And we have increased our funding for autism summer camps, with an additional **$1.8 million** this year, supporting up to **3300 youth**.
- Our aim is to reduce wait times, deliver diagnoses earlier so children can access services sooner, and increase the number of spaces available to serve more children.

CYS

ISSUE

- Ontario's children's aid societies are calling on the province to stop cutting Ontario Works or disabilities benefits for parents when children are temporarily apprehended, as it makes it harder for them to regain custody of children taken into care.

KMs

- Every child deserves a safe, loving and nurturing home.
- And as a government, we are strengthening, modernizing and transforming our child protection system so children and youth in care have every chance to succeed.
- We have taken important steps to improve the child welfare system, but we know there is more that needs to be done.
- We need to address the fact that lower income communities are over-represented in child welfare, including Indigenous and African-Canadian children.
- We are committed to working with community groups and children's aid societies to address these inequities.

MMA

- In an interview with the Globe and Mail Tim Hudak, incoming CEO at the Ontario Real Estate Association, said that "The province has artificially and dramatically limited land supply, particularly in the GTA and in the Niagara peninsula". He urged against a foreign home buyers tax and recommended that the Greenbelt not be expanded.

KMs

- Our government understands that the cost of housing is a concern in the GTHA.
- There are several factors that play a role including a strong regional economy, low borrowing rates, location, access to transit and construction costs.
- There is enough land designated for development in the Greater Golden Horseshoe to support at least the next 15 years of growth (until 2031).
    - Municipalities in the region have designated more than 100,000 hectares for growth.

MOHLTC

ISSUE

Government did not consult on vaping

KMs

- In response to the government's initial electronic cigarettes regulatory proposal, the ministry received input seeking exemptions for the use of e-cigarettes to vape medical marijuana from that individual and that organization.
- In addition to those submissions, the ministry also received legal advice regarding the constitutionality of any legislation that would establish a different set of rules for vaping medical marijuana as opposed to smoking.
- The government subsequently committed to consult more broadly in relation to smoking and vaping medical marijuana and to restrictions on the use, sale, display and promotion of e-

cigarettes.

- Over the course of the past year, through these consultations, approximately 100 individuals and or organizations/businesses have provided input concerning the government's proposed approach to the smoking and vaping of medical marijuana.
- In total, the ministry received approximately 5,000 submissions in response to the government's proposal to amend regulations under the Smoke-Free Ontario Act and the Electronic Cigarettes Act, 2015.

MOHLTC

ISSUE

- Long waitlist times in London

KMs

- Since 2003, our government has invested over $1.9 billion for more than three million additional procedures to help reduce wait times.

- This includes more than 77,000 additional hip and knee replacements.

- We have seen great progress across the province in reducing wait times, including in the South West LHIN:

- Since 2005, the SW LHIN has decreased the 90th percentile wait time (wait time for 9 out of 10 patients) **for hip replacements by 15%.**

- And decreased the 90th percentile wait time (wait time for 9 out of 10 patients) **for knee replacements by 32%.**

- As part of the 2016 Budget, we are investing more than $345 million to all publicly-funded hospitals to provide better patient access to high-quality health care services, including **an additional $50 million to improve access and wait times for hospital services, including additional procedures such as knee and hip replacements.**

- In the South West LHIN, this investment includes **an additional $526,067 for an additional 65 hip and knee replacement surgeries this year.**

- We recognize that there are challenges that remain with wait times in the South West LHIN and our government is committed to working with the local LHIN as well as the regional hospitals to improve access to these important procedures.

MOF

ISSUE

- Ontario man faces bankruptcy after auto insurance rule changes same day as motorcycle crash

Messaging:

- While I cannot comment on individual cases, I am truly sorry to hear about the injuries Mr. Bari has sustained.
- In regards to the changes we made to the auto insurance system, these changes strive to balance the needs of injured claimants, lowering costs for Ontario's almost 10 million drivers while ensuring Ontario's auto insurance system remains the most generous among Canadian jurisdictions with private marketplace systems.
- In fact, among those comparable provinces, Ontario has the highest level of benefits and is the only province in Canada to offer exclusive catastrophic coverage.
- Catastrophically impaired claimants will also continue to be able to sue an at-fault party to recover damages for health care expenses and potentially other claims.
- In addition, consumers have the option to buy additional coverage of $1 million for any

impairment and an additional $1 million in the case of a catastrophic impairment, for $3 million in potential total catastrophic impairment coverage.

- In the end, this is about lowering premiums while providing support and protection for all Ontario drivers.

--Articles--

Focus Ontario: Liberal Government Call Out Auditor General Over Public Accounts Global

Anchor: Welcome to Focus, the show that would never waste a beer by throwing it at a professional sporting event. Apparently believing it doesn't have enough opponents, the Wynne Liberals this week decided it was time to call out Ontario's Auditor General. The issue: Ontario's public accounts. These are the audited financial statements of the government. But this week for the first time in Ontario history public accounts were released without the auditor’s opinion. Here's Premier Wynne in the house explaining why.

Premier Kathleen Wynne: We have accepted the Auditor General's numbers for this year. We released the documents despite the divergence in accounting opinions, specific to pension funds between treasury Board officials and auditor at part of our commitment to openness and be transparency.

Anchor: You can get lost in the wonky weeds of this one pretty quickly. Essentially, the auditor doesn't think the government should include public pension assets on the balance sheet, and the government says it has always done things that way, and see no reason to change. The difference works out to about $11 billion on Ontario's total debt, which is in the $300 billion dollar range. So now an independent panel will look at whether Auditor General Bonnie Lysyk is right or wrong in her assessment. More importantly, you should not that the government has already said the electricity system is likely too complicated for Ms. Lysyk's office, and has sparred with over government advertising rules. Repeatedly fighting with the independent accountant that inspects the government books seems an odd strategy. But of course, this latest dust up provided ammunition for the opposition to ask what the government will do fill this supposed accounting hole.

PC Patrick Brown: Fill this hole, will it be through new taxes, a higher hydro rate, new fees or will the Liberals just cut services?

Premier Kathleen Wynne: Thank you very much Mr Speaker . Let me begin by saying go Jays, go.

Anchor: It's bad enough when politicians wrap themselves in the flag, but leave the Blue Jays out of this. And don't think I don't see you, Patrick Brown. Here are some pictures from Brown's champagne soaked Twitter feed following the Blue Jays extra innings wild card win. Hey, just hanging out with my bud, no big deal. Remember last year during the federal election where it was accepted by all leaders to not show up at Jays game? Let's make that a law

Toronto Sun
Tue Oct 11 2016
Page: A18
Section: Comment
Byline: Pat Eden
Dateline: MISSISSAUGA
Source: Toronto Sun

Re "My owe my" (Shawn Jeffords, Oct. 4): as a retired bookkeeper, I was gobsmacked to read that the funds of the Ontario Teachers' Pension Plan and the Ontario Public Service employees Union Pension Plan have been included and deemed an "asset" by the Ontario Liberal government. On what planet is this the Liberals' or any government's money?

(Or rather, our money.) any layman knows that an "asset" is something owned by a company, an institute, an owner, etc. It could be cash in the bank, properties, vehicles or anything tangible that could be ultimately liquidated and used or turned into cash to pay debt should the need arise. This pension money, on the other hand, is something that belongs to employees, the same as an RRSP would belong to an individual. It is not government money, it is not for government use, so why would it be used to inflate and

enhance a financial statement?
PAT EDEN
MISSISSAUGA (It's the Ontario Liberals. You have to ask?)

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Bad form to pick fight with auditor general (TorSun)

Toronto Sun
Sat Oct 8 2016
Page: A17
Section: Comment
Byline: John
Source: Toronto Sun

What's more exciting than a dissertation on public service pensions?
How about a public feud over accounting practices?
This week, most Ontarians yawned through the latest dispute between their watchdog, Auditor General Bonnie Lysyk, and the Wynne government.
The plot to this drama is a little thin. The public servants at the Ministry of Finance and the learned folks in the auditor general's office differ on the treatment of pension funds.
Lysyk says pension rules do not allow for funds to be used for any other purpose and therefore aren't a government asset.
She has invoked cowboy accounting rule two; if you can't spend it, it ain't your money.
The government has countered with cowboy accounting rule number three; if I got away with it last year, it should work this year.
(If you are wondering, cowboy accounting rule one is I ain't broke - I've still got cheques.)
As arguments go, this scuffle won't rise to the level of the debate over Clinton's emails or Trump's taxes.
This kind of back and forth between ministries and the auditor general is old hat.
The auditor general provides time for ministries to comment on the audit in draft form so that accounting issues can be hashed out before the final audited statement is presented to the legislature.
Accounting issues are generally benign. What's a billion or two among friends?
So it's surprising that the Wynne government elevated the tussle over pensions to the political realm by tabling the financial statements without the auditor general's unqualified opinion.
This is strange stuff. Unaudited statements are usually the territory of lemonade stands.
Governments, one hopes, can find their way through an audit.
Particularly odd is the government's use of Lysyk's interpretation in their unaudited financial statements.
If they use Lysyk's numbers, why not simply get her approval?
There are two themes in this squabble.
First, new governments love audits, old governments hate them. Newly elected governments cheer every critical word in the auditor general's report. It is confirmation of the incompetence of the last government.
But the Liberals have been in power for thirteen audit cycles and blaming the previous government is getting old. Audits are inconvenient when you own the history.
Second, with the next trip to the polls less than two years away the Wynne government is now in full election mode.
Which means that all hands are engaged in the gargantuan task of keeping the lid on simmering issues, while somehow managing to balance the books.

Consider the dustup with the auditor general over pension contributions as the first salvo in an all out battle to present a magically balanced budget in 2018.
This is not unchartered water.
Finding new revenue streams, invoking unrealistic growth forecasts and pushing out expenditures is old hat in the pre-election budgeting game. The auditor general is the unbiased referee in this prickly mix of political objectives and real world economics.
Which is why the dustup over auditing rules is troubling.
Tabling unaudited statements pushes the auditor general to the sidelines in a purely political argument over finances.
Governments have a right and responsibility to push back on audit rules. Heck, the auditor general isn't perfect. But the Wynne government has strayed into bad public policy by tabling unaudited statements.
No matter how much the government may wish it so, obtaining the auditor generals opinion on financial statements isn't optional.
Because Lysyk works for all of us.
Snobelen was a cabinet minister in the Conservative government of Ontario premier Mike Harris from 1995 to 2002

Wynne, McGuinty legacy: Perpetual debt (TorSun)

Toronto Sun
Sun Oct 9 2016
Page: A15
Section: Comment
Source: Toronto Sun

In next spring's Ontario budget, Finance Minister Charles Sousa, assuming he's still got the job, will boast that the Liberal government has delivered, as promised, a balanced budget for 2017-18.
Today's, let's examine what that really means.
First, it will come on the heels of nine straight deficits by the Liberals, first under former premier Dalton McGuinty, now under Premier Kathleen Wynne.
Second, it will only be achieved through such things as the fire sale to the private sector of 60% of Hydro One.
Auditor General Bonnie Lysyk warned all the way back in her annual report in December, 2014 that: "By the time the annual deficit is eliminated in 2017-18, the net debt will stand at about $325 billion.
That's about $23,000 for every single resident of Ontario."
She added that: "No matter which measure you use - total debt, net debt or accumulated deficit - this is a concern for the province for several reasons, including how much money will be available for providing services to Ontarians in future years after interest on debt is paid ... " In July 2016, Financial Accountability Officer Stephen LeClair said Ontario, now the world's most indebted sub sovereign borrower, will increase its current total debt of $300 billion by a staggering $50 billion in just the next four years.
By 2020-21, the Liberals will have increased Ontario's debt 152% from the $138.8 billion they inherited in 2003.
LeClair said Wynne will be able to balance the budget in 2017-18, but unless Queen's Park cuts the growth rate of expenditures or increases revenues, the province's books will sink back into deficit in future years.
Ontario's debt is the highest among Canada's provinces in absolute terms and we have the highest debt burden among major provinces - $2.40 of debt for every $1 of provincial revenues.
Relative to population, Ontario's debt is the highest at $20,806 per person, save only for Quebec at $22,591.
The Liberals have increased the province's debt-to-GDP ratio, a key indicator of economic health, from 26% prior to the 2008 global recession to 39.6% in 2015-16, decreasing slightly to 38.4% by 2020-21.

LeClair previously noted the Wynne government has promised to reduce this ratio to 27%, "but has not provided details of how or when it plans to achieve this goal."
Simply paying interest on debt, at more than $11 billion annually, is Ontario's third-highest expenditure, more than we spend on post-secondary education.
Regardless of whether the Liberals put a fig leaf over Ontario's massive debt burden by balancing the budget in 2017-18, there is no way to avoid paying down debt and government debt represents future tax increases or service cuts.
That is the real legacy of 13 years, and counting, of Liberal rule in Ontario.

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