# MOF Media Summary - Sept 7

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*No media requests today.

**Public Accounts – Media Availability**
Minister Sousa

To either of you, I gather the AG doesn't agree with your accounting, the second year in a row for a qualified statement on her part, what does that mean to the average Ontarian, or does it mean anything? I take it, it wouldn't affect our credit rating so it won't affect interest on debt.

- If I could just sort of reaffirm the notion of qualified statement versus the confidence of the marketplace. Let's be clear that last year we were oversubscribed in our requirements for investing in Ontario. We remain a top destination for foreign direct investment and as I travel around the world with investors, with rating agencies as well as investor groups, they are attracted to Ontario, regardless of the qualification statement because they recognize that what we manage is fiscal policy. The interpretation of accounting standards is not up to us. Those are up to the experts. But what we can control, we've exceeded what we can control, we've surpassed, and investor groups are investing in Ontario and our paper is attractive. We have highly liquid investments and bonds, we have about 25-26 billion in reserves now, our net debt went up because of program spending, and we're locking in at low rates for long periods of time. That is an illustration of the confidence in Ontario's economy and the work that's being done.

(Benzie TorStar) Minister, it's been a year since the last qualified statement from the AG, why haven't you had a conversation about it?

- Well, I'll let Liz reaffirm this, but let's again be mindful of the fact that an expert panel who are the ones writing the standards themselves have interpreted this as being legitimate. It's the same standard that's been used for the past 15 years, and the impact on our fiscal book, doesn't exist because we're not spending any more money or investing more, it's just a matter of recognizing that interpretation of the accounting standard. And we'll leave it up to the experts to determine what it should be. In the meantime, as I've said, the work that we're doing, is surpassing expectations and investor groups are growing as a result, but Liz, you may want to elaborate on that.
- The issue around the IESO for example is where she added a qualifier, or put a comment on it, is again, one auditor from the IESO who has determined that's the appropriate way to interpret the accounting results and we're not at liberty to change them. We have to accept what's being presented. So we have one auditor, and another who has determined it should be something different. But either way, when it comes to the IESO's interpretation of the audit, it has zero impact on our fiscal book.

(Benzie TorStar) What are the pension assets worth on the bottom line this year versus last year?

- There's a surplus in the plan. And as a result, it's being recognized as it has been over the last 15 years. If there's a deficit in that plan, we're obligated to show it as a liability as well, and the argument is we shouldn't be able to do both, just the one, and the argument is that's inappropriate given the fact that we do have decision making powers over the plan.

(Bloomberg) Question for Minister Sousa, the Bank of Canada raised interest rates for the second time this year, I wanted to ask if that in any way affects your borrowing strategy going forward.

- So, some of that has been built into our long-term projections, in the end, the present and CEO of the Ontario Financing Authority, recognizing that over time we would anticipate higher rates. The team there has been doing an exceptional job of locking in those rates over long periods of time at low costs, as a result of some of those actions we've reduced our overall interest costs year over year $200-300 million. As I've said we have $25 billion in reserves that we locked in at low rates to anticipate any future activity, which then gives us a lot more leverage, a lot more flexibility in terms of moving forward. We are now going to reaffirm and reassess the effects of the interest rate hike, but it was always anticipated that would happen. Maybe sooner now than we anticipated but it was always built into our plan.

(Benzie TorStar) the $3.3 for 2016-17 does that mean as we head into next election, you could move further into the black, so there could be $4 billion of surplus for pre election goodies?

- All those years we have reserves built in and we have contingencies built in as well. We're anticipating our budget forecast for this year, next year and the year after that to be balanced, because we want to make sure we accommodate any unanticipated activates that take place.

(Benzie TorStar) But you're going to have a surplus, clearly. It's not going to be $1, it's going to be billions.

- We're at $991 million in deficit still, but a $3.3 billion improvement on what we anticipated would be the case a year ago. That is because of economic growth, greater receipts of income tax, our controls over spending and we're continuing on that path of managing effectively. I'm not going to presume what I'll be doing in the coming budget, until that time. But we are looking at the forecast, we are looking at the economic environment where we've been exceeding and doing well. What this means for Ontarians in this case is that we're able to invest more in the services that matter to them. We're investing a lot more in healthcare, we're investing a lot more in education, we're investing a lot more – historic amounts – in infrastructure. These are all things that will make us more competitive long-term, enabling us to succeed yet again in the years to come.

(Jamie CityNews) It's reviewed by experts, and thick legal-ease. It's tough to understand. Are you going to be able to explain this to voters? Or is it going to stick in people's minds that it's just trickery.

- I mean the budget is $140 billion plus, every year now, and the amounts that we're talking about are relatively small compared to the overall budget. But what the public I think, wants to know and wants to ensure is that we're investing in strategically to grow our economy, enabling more jobs to be created which is in fact happening, that their kids can get a good education, and that we're doing everything necessary to get them better prepared for the future, that we're investing in health care as well as extending pharmacare for young people and seniors, and that we're taking the steps necessary to be competitive ahead of the rest of Canada. Every single year, even when we qualified for equalization, Ontario is a net contributor to the federation, we're still the strongest manufacturing sector in Canada and contributing to that growth. That hasn't change. And we are the lowest per capita cost government, with the lowest revenue source I may add, per capita, and we're still balancing the books as we proceed forward, so if we take those necessary steps. We're managing effectively, and we're growing. I think that's what Ontarians really care about. Protecting their livelihood and sharing prosperity as we move forward.

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