

Re: David Reevely Column

From: "Ostergard, Matt (TBS)" <matt.ostergard@ontario.ca>
To: "Lazarus, Jordan (OPO)" <jordan.lazarus@ontario.ca>, "Beaudry, Jennifer (OPO)" <jennifer.beaudry2@ontario.ca>, "Tedesco, Lauren (TBS)" <lauren.tedesco@ontario.ca>
Cc: "@OPO-Media Relations and Issues Management" <opo-mediarelationsandissuesmgmt@msgov.gov.on.ca>
Date: Tue, 04 Oct 2016 18:21:37 -0400

Hi

We were able to reach Reevely tonight. Minister spoke to him for about ten minutes and was consistent with the message she delivered today.

Matt

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Lazarus, Jordan (OPO)
Sent: Tuesday, October 4, 2016 5:31 PM
To: Ostergard, Matt (TBS); Beaudry, Jennifer (OPO); Tedesco, Lauren (TBS)
Cc: @OPO-Media Relations and Issues Management
Subject: Re: David Reevely Column

This isn't a suggestion, you need to get in touch with him

From: Ostergard, Matt (TBS)
Sent: Tuesday, October 4, 2016 5:29 PM
To: Beaudry, Jennifer (OPO); Tedesco, Lauren (TBS)
Cc: @OPO-Media Relations and Issues Management
Subject: RE: David Reevely Column

Thanks Jenn, that sounds like a good idea. We'll see if we can make something happen and let you know.

Matt

From: Beaudry, Jennifer (OPO)
Sent: Tuesday, October 04, 2016 5:12 PM
To: Ostergard, Matt (TBS); Tedesco, Lauren (TBS)
Cc: @OPO-Media Relations and Issues Management
Subject: David Reevely Column

Hi Matt & Lauren – First, your Minister was terrific on CP24, please thank her for that. In saying that, it might be worth having her calling Reevely. We think it would be a good idea for someone to explain that officials could not sign off, so this was the only way we could accept her numbers. So, in fact we aren't fighting with her at all, we're trying to get her to take 'yes' for an answer.

Please let me know if this is possible.

Thank you,
Jenn

Reevely: Wynne governme can't resist another fight

the provincial auditor



DAVID REEVELY

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Bonnie Lysyk, Ontario's auditor general, speaks about her 2015 annual report during a press conference at Queen's Park in Toronto on Wednesday, December 2, 2015. [DARRIN LABRETSHEE](#) / CANADIAN PRESS

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Picking a fight with your auditor general is usually a last desperate rearguard action for a doomed government. The Ontario Liberals are on their third and dumbest such fight, stomping all over what should be some fairly good news about the provincial finances.

The spat, over how some pension money is accounted for, held up the government's release of the final books for the 2015-16 fiscal year until nearly a week past a legal deadline. Then it took [a special cabinet decision to open them publicly](#) without a statement from Auditor General Bonnie Lysyk saying that they're a fair accounting of the province's financial status.

The result is a totally predictable explosion of criticism that the Liberals are fudging their numbers and pushing aside the highest-profile officer of the legislature because she called them on it.

"Why was (the set of accounts) released without the AG's opinion? That's the big question," Progressive Conservative leader Patrick Brown demanded of Premier Kathleen Wynne on Tuesday. "Was it because she discovered the government has an \$11-billion hole in their budget? Mr. Speaker, that includes a \$1.5-billion deficit this year. That's a lot of

money. How will the government fill this hole? Is it going to be through new taxes? Higher hydro rates? New fees? Or will the Liberals just cut services?"

This is a line of bull, into which the Liberals immersed themselves both totally and needlessly, having used up all the credibility they might now wish for in previous arguments with the auditor.

In 2014, then-energy minister Bob Chiarelli disputed a report on smart electricity meters by alleging that Lysyk and her senior people didn't really understand Ontario's electricity system. This might have been plausible — the system is a rat's nest, even if the energy minister is literally the worst person on earth to use that as a defence for anything — if Lysyk's résumé didn't include 10 years at Manitoba Hydro.

Then there was a mini-fight when the government took away the auditor's authority to review government advertising to make sure it's actually meant to inform citizens and not just polish the governing party's image.

Now this, an argument over how to account for pension funds in the government's books. It's important, in that pension liabilities are a really big problem if they get out of hand, but still pretty arcane. Anyway, Lysyk is not saying that Ontario's pension liabilities are out of hand. She is saying that a \$1.5-billion payment the government made into public pension funds last year has to be counted as government spending, and yet a \$10.5-billion surplus in a couple of large funds can't be counted against Ontario's provincial debt.

(That's the "\$11-billion hole" Patrick Brown complained about. It's not really a hole, in the sense of being money the government has to find in cuts or tax hikes.)

The reasoning: The \$1.5 billion went out the door and is not available to be spent on other things. But surpluses in the pension funds have to stay there, so they're not really government assets.

Lysyk's way, the province's finances look slightly worse than they used to. You can see why the Liberals would resist her approach. You might also imagine someone saying, "Guys, are we really going to say the auditor general of Ontario is incompetent? Bob did it that time and you remember how it looked, right? Nobody remembers? Bob, at least?"

The thing is, even using Lysyk's rules, Ontario's books for last year are not at all bad by recent standards. Revenue is up. Spending is up, too, but not as much as revenue. It turns out the deficit is smaller than it was expected to be, and not just because the Liberals did their usual thing of padding the budget with a bunch of money they never expected to spend. A balanced budget is in sight.

Again, this is true even if you take this year's figures calculated under Lysyk's new rules and compare them with figures calculated under the old rules.

Ontario's debt-to-GDP ratio, a measure of how much we've borrowed relative to the size of the whole Ontario economy, is a little worse. But the Liberals could have explained the difference with an asterisk and a footnote explaining the accounting method had changed.

In the event, they almost — almost! — did that. They ran the numbers the way Lysyk says they ought to be run and used those in the financial statements. They actually handled the disagreement honourably. They just couldn't find their way to not having it at all, affixing a lot of whining about what a doofus the auditor is.

Whenever they're blasting away at their own feet, these people can't seem to resist reloading.

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