

Thibeault post-QP scrum

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Hi Blane,

Below is a transcript of Minister Thibeault's scrum. There's very little new here. The Minister did a good job of staying on message. In regards to the potential for an adverse opinion from the AG, he referred that to Minister McMahon. He may have leaned a little bit too much on expert third parties, but we'll have him adjust that. Let us know if you have any concerns/questions.

CP: The AG has spoken at committee and outlined concerns she has with the auditing practices of the IESO – what's your response to that?

It's nothing new in terms of what she's raised. She doesn't like the rate regulated accounting. We've always relied on other experts within the field as well, plus the provincial controller, OPG, the IESO, all of this stuff that she's said before we're well aware and we believe we're following public sector accounting standards.

CP: So you don't feel there's any need to amend any of these practices or make them more transparent?

We've been transparent with this process all along. We've talked about this – the IESO bringing forward rate regulated accounting isn't new, they've had this before. We actually merged the power authority and the system operator to create the IESO. OPG uses rate regulated accounting, Hydro One, other provinces, the U.S., so when you look at EY and KPMG and Deloitte telling us we're meeting public sector accounting standards I believe we're on the right track with that.

CP: She could issue an adverse opinion though. Isn't that going to be detrimental to this government in the election?

That's something you should talk to the president of the treasury board about. In relations to the IESO, the audit underway is what I've been working on and following up with the IESO to make sure they do everything that they can to cooperate with the AG and they're doing just that.

(Other outlet, not sure): Minister what should Ontarians be thinking of this very public spat between you and the AG?

The accounting standards are something we've looked to the experts as well. We've talked with EY and KPMG and Deloitte and they tell us we're meeting public sector accounting standards and again, rate regulated accounting isn't new. It's done in many other jurisdictions and it was done at IESO in the past when it was named differently.

(Other outlet, not sure): But the FAO and AG are disputing KPMG, don't they have more of an unbiased opinion?

KPMG is world renowned, a leading expert on accounting practices, so is EY, so is Deloitte, and I take what they're saying very seriously. They're saying that public sector accounting standards are being met. Those are the experts in the field and I believe what they have to say.

(Other outlet, not sure): Is the AG not an expert?

The AG and the others involved have this dispute, and we go with what we're being told by experts in the field...

(Other outlet, not sure): Why does KPMG outweigh the AG?

It's KPMG, it's Deloitte, it's EY, and when you look at the public sector accounting standards what they're telling me is they're quiet, and looking at how they're doing rate regulated accounting this

was the best thing to do.

TVO: Isn't PSAS still silent on rate regulated accounting?

From my understanding, yes.

TVO: You've got the AG, an independent officer of the legislature saying she doesn't think this is proper, private firms who you are paying saying it's ok, and a public body is silent, but they haven't backed the government up in any way...

From my understanding, when you look at rate regulated accounting, some of which is in the U.S., we're making sure we're bringing forward the accounting that is best addressing the rate regulated piece. This isn't anything new as I said before the OPA and the system operator, before they merged, they actually used rate regulated accounting. So they brought that back when they got all the merger pieces settled. This is nothing new. For us it's making sure we listen to expert advice to make sure we're meeting standards. The provincial controller, the Ministry of Finance, the IESO, say what we're doing meets public sector accounting standards.

TVO: Other provinces have had their AG question this methodology. Given it's so controversial why is the government sticking to this?

Because we're looking to others to give guidance on that, and the world-renowned experts like EY and KPMG and Deloitte have told us that that silence in that one accounting standard ensures that we can use rate regulated accounting.

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