

FW: For approval - FAO statement

From: "Gallant, Gabrielle (OPO)" <gabrielle.gallant4@ontario.ca>
To: "Pichelli, Jason (TBS)" <jason.pichelli@ontario.ca>
Date: Tue, 01 May 2018 12:38:59 -0400

Sent with BlackBerry Work (www.blackberry.com)

From: "Killorn, Bill (OPO)" <Bill.Killorn@ontario.ca>
Sent: May 1, 2018 12:32 PM
To: "Gallant, Gabrielle (OPO)" <Gabrielle.Gallant4@ontario.ca>
Subject: Re: For approval - FAO statement

Looks good

From: "Gallant, Gabrielle (OPO)" <Gabrielle.Gallant4@ontario.ca>
Sent: May 1, 2018 12:18 PM
To: "Killorn, Bill (OPO)" <Bill.Killorn@ontario.ca>; "Forgione, Andrew (OPO)" <Andrew.Forgione@ontario.ca>
Subject: For approval - FAO statement

It's basically the AG statement, with a different hat on it. Highlighted yellow is new-ish. Once you guys are cool, I'll send up the chain.

He adopts her positions on pensions/ FHP accounting.

We thank the Financial Accountability Office for their annual Economic and Budget Outlook. We're pleased that he notes that this year the "Ontario economy recorded the strongest pace of growth since the early 2000s," and that "job growth surged last year, with 128,400 net new jobs."

While our economic growth has led the G7 nations and our unemployment is at a 17 year low, we know that not everyone has benefited from that growth. That is why we made the decision to invest in programs that will make life more affordable for people in the province like free tuition, free prescription drugs for those 25 and under and free pre-school. The FAO affirms the importance of investing in these programs, acknowledging that that these investments will provide "significant social and economic benefits for Ontarians."

In the Economic and Budget Outlook, the FAO adopts the Auditor General's position regarding ongoing technical accounting disputes. These are disagreements that have been reported on by the Auditor General in the past, have been the subject of technical briefings for both media and opposition and have also received media coverage in the past.

The government's opinions on these two matters are well supported by internal and external experts, and have always informed the government's ongoing reporting on its fiscal status. Given these disagreements on accounting questions, there is also a difference of opinion on deficit numbers between the FAO and the government.

The first item of dispute is the accounting treatment for a portion of the Fair Hydro Plan. We continue to believe that the government's accounting for the Fair Hydro Plan is appropriate, and specifically the use of rate-regulated accounting to account for the component of the plan recoverable from the ratepayers, is supported by United States Generally Accepted Accounting Principles, as Public Sector Accounting Standards are silent on this issue. The second issue is the accounting for the net pension assets of the Province's two jointly sponsored pension plans, which is supported by an expert panel of accountants, actuaries and lawyers. The government's opinion on these two matters has not changed.

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