

FW: FYI- QP Briefing: The Auditor General and the Legitimacy of our Government

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Date: Fri, 17 Feb 2017 15:08:11 -0500

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Sent: February-17-17 2:06 PM
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Subject: FYI- QP Briefing: The Auditor General and the Legitimacy of our Government

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PURCHASE: THE AUDITOR GENERAL AND THE LEGITIMACY OF OUR GOVERNMENT

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When I was a mere economist working in the Ministry of Finance, I never had a full appreciation of just how important accountants and auditors were to the making of budgets.

Sure, from time to time, I saw public servants rewarded for suggesting some clever accounting interpretation that was favoured by the government of the day.

But it was not until I became the deputy minister that I gained a full appreciation of just how much our decision-making was shaped by the rules governing how we were to account for our actions in public.

So I have a great respect for the auditor general's office. This is not because I think the AG is infallible in his or her interpretations of public sector accounting rules, because surely they are not.

They are expert, but they are also merely human. Indeed I had a big difference of opinion in my day; and I am still certain that I was on the theoretically correct side of that lost battle from long ago.

What is most important, however, is not any particular ruling – well-constructed or not – but the overall legitimacy of our political institutions. In this regard, it is necessary to have some final authority that, even if not always agreed with, is always respected and accepted. That is, for

example, what our legal system and our judges represent, at least at the Supreme Court level.

The failure to accept the ultimate legitimacy of the decisions of our existing political and legal institutions is an unfortunate phenomenon that currently afflicts the United States more than Canada, but we are not immune.

Take, as an example, our regulatory agencies. They are meant to have legitimacy because they are independent and consider all arguments in a quasi-judicial setting. But when that fails in favour of some nebulous and immeasurable concept of "social licence," then our society is paralyzed and stops functioning.

Our political and legal systems function best when people trust them. Start to break down that trust and we begin the breakdown of society.

Trust is not easy to create or maintain, especially in this era of "alternative facts" and fake news. But there is nothing new in this, except perhaps the ease and volume with which competing visions of reality - complete with facts and rationales - bombard the public.

Governments too are constantly massaging their public messages – and history – to make sure it fits their preferred version of reality.

So what constrains our governments in this regard? In a word, parliament constrains them. The government's version of reality is constantly being challenged by the opposition parties inside and outside Queen's Park. And the AG's Office has become an integral, but independent part of that challenge process.

That the parliament has its own independent officer charged with interpreting the rules of accounting and applying those rules to the government's accounts is central to the legitimacy of our government.

So I think it was regrettable that Premier **Kathleen Wynne** 's government chose to attempt to undermine the legitimacy of our parliament's own accounting expert by appointing a panel of its own experts to review an unfavourable ruling.

Who is more expert – the AG's office or the government's expert panel? That isn't the right question. For me, they are all equally expert.

Whose experts are correct? Again, that, for me, is not the right question. On the matter of "when is a government asset a government asset" I think we can see that the government's share of a pension "surplus" for these plans has some qualities similar to other government assets, but not all. The matter appears to turn essentially on the interpretation of "control" of the asset. Experts can disagree.

In the AG's recently released letter on the subject, she says the government should only count a surplus in these pension plans as an asset if its employee co-sponsor of the plan, especially the Teachers' Federation whose pension plan accounts for the bulk of the "surplus" in question, specifically agrees in writing.

The AG says this is consistent with the government panel's finding. Based on my quick reading of their report, I would have to say yes and no. But in any case, it shouldn't matter.

For me, the really important point is that the only legitimacy here is with the AG's ruling. For the sake of the legitimacy of our political institutions, the government should accept it and comply.