

Remedy difference

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Hi Patrick, in response to the question from the MO

The normal accounting would be the to reverse the accrual to revenue

In the recent meeting with the AG I got the impression she would hold us to account for a poor estimate by amortizing the reversal of the difference over multiple years as opposed to giving us the revenue in the year the negotiations are settled. I think it will be dependent on how different the actuals come in from the accrual cost.

If we pay no retro and all remedy obligation is on future salary to be booked as the salary costs are paid in the future, under regular accounting we would have a revenue of 500M in 2016-17. I am under the impression should would not allow this or include it on the SUDs list for next year impacting how we do public accounts. She would probably have us recognize it over the period it costs us the 500M in future payments. So if we increase the grid going forward it may take several years to pay out the difference and the accrual would be reversed to offset the incremental cost instead of the one-time recovery in 2016-17

It should also be noted that EDU is quite concerned with the accrual being disclosed even after the remedy negotiation is completed. If they settle for 100M and find out we accrued \$500M it might impact the negotiations as being what the province expected to pay,

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